

3D SYSTEMS CORP  
Form DEF 14A  
April 01, 2004

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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**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.  
(1) Title of each class of securities to which transaction applies:

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- (2) Aggregate number of securities to which transaction applies:

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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- (4) Proposed maximum aggregate value of transaction:

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- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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## 3D SYSTEMS CORPORATION

26081 Avenue Hall  
Valencia, California 91355

March 31, 2004

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of 3D Systems Corporation scheduled to be held on Wednesday, May 19, 2004 at 10:00 a.m., P.D.T., at the offices of the Company at 26081 Avenue Hall, Valencia, California 91355. Your Board of Directors and senior management look forward to greeting you at the meeting.

At the meeting, you will be asked to vote on amendments to the Company's Certificate of Incorporation to effectively repeal provisions that require the Company to have a classified board of directors and that limit certain other rights the Board of Directors believes you should have as a stockholder. The repeal of these provisions requires the affirmative vote of at least two-thirds of the Company's shares entitled to vote, so it is particularly important that you vote *your* shares in favor of these amendments.

You will also be asked to elect two Class II directors, to adopt a new 2004 Incentive Stock Plan, to adopt a new Restricted Stock Plan for Non-Employee Directors, and to ratify the selection of BDO Seidman, LLP as the Company's independent auditor for 2004. These proposals are important, and we urge you to vote in favor of them.

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Regardless of the number of shares of Common Stock or Series B Preferred Stock you own, it is important that your shares are represented and voted at the annual meeting. Votes may be cast by telephone or by mail. Instructions for voting by telephone are set forth in the attached Proxy Statement and on the enclosed proxy card. You may vote your shares by mail by signing, dating and mailing the enclosed proxy in the enclosed postage-paid return envelope. Please vote today to ensure your votes are counted.

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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### **NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**May 19, 2004**

The Annual Meeting of Stockholders of 3D Systems Corporation, a Delaware corporation (the "Company"), will be held on Wednesday, May 19, 2004 at 10:00 a.m., P.D.T., at the offices of the Company at 26081 Avenue Hall, Valencia, California 91355, for the following purposes:

To elect two Class II directors to serve three-year terms;

To approve five separate amendments to the Company's Certificate of Incorporation, including:

Amending Article Fifth to delete the current prohibition on stockholders calling special meetings of stockholders;

Amending Article Sixth to eliminate the classified Board of Directors structure currently in place and the requirement that Directors may only be removed from office for cause;

Amending Article Seventh to eliminate the restriction on stockholder actions by written consent;

Amending Article Tenth to eliminate the Board of Directors' exclusive authority to adopt, repeal, alter, amend or rescind the Company's Bylaws;

Amending Article Eleventh to eliminate the supermajority voting requirement for amendments to Articles Fifth, Sixth, portions of Article Seventh, Article Tenth and Article Eleventh;

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To approve the 2004 Incentive Stock Plan;

To approve a new Restricted Stock Plan for Non-Employee Directors;

To ratify the selection of BDO Seidman, LLP as the Company's independent auditor for 2004; and

To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

These items are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on March 24, 2004 as the record date for the determining the Company stockholders entitled to notice of and to vote at the Annual Meeting. A copy of the Company's Annual Report on Form 10-K is enclosed, and additional copies are available upon request.

We urge you to attend the Annual Meeting so we can review the past year with you, listen to your suggestions, and answer any questions you may have. It is important that as many stockholders as possible are represented at the Annual Meeting, so please review the attached Proxy Statement promptly and vote your shares today by following the instructions for voting in the attached Proxy Statement and on the enclosed proxy card. Even if you plan to attend the Annual Meeting in person, please vote today to ensure your votes are counted, in case your plans change. If you are a stockholder of record and do 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

Valencia, California  
March 31, 2004

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## **3D SYSTEMS CORPORATION**

26081 Avenue Hall  
Valencia, California 91355

### **PROXY STATEMENT**

Dated March 31, 2004

**For the Annual Meeting of Stockholders**

To Be Held on May 19, 2004

### **GENERAL INFORMATION**

This Proxy Statement is being furnished to the holders of the Common Stock and Preferred Stock (as these terms are defined below) of 3D Systems Corporation, a Delaware corporation (the "Company"), in connection with the solicitation of proxies by the Board of Directors of the Company for use at the 2004 Annual Meeting of Stockholders (the "Annual Meeting") of the Company and any adjournments or postponements thereof. The Annual Meeting will be held at the offices of the Company at 26081 Avenue Hall, Valencia, California 91355 at 10:00 a.m., P.D.T.,

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on May 19, 2004. This Proxy Statement and the enclosed proxy card are first being mailed to stockholders on or about April 8, 2004.

### VOTING MATTERS

Your vote is very important. Stockholders of record may vote by telephone or by mail. A toll-free telephone number is included on the proxy card for telephone voting. If you wish to vote by mail, you may use the enclosed proxy card and the enclosed postage-paid return envelope. You may save the Company the expense of a second mailing if you vote promptly.

#### *Record Date and Voting Securities*

The Board of Directors has fixed the close of business on March 24, 2004 as the record date for determining the Company stockholders 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 the Company's principal office at 26081 Avenue Hall, Valencia, California 91355 for a period of ten days prior to the Annual Meeting. Holders of record of shares of common stock, par value \$0.001 per share (the "Common Stock"), and Series B convertible preferred stock, par value \$0.001 per share (the "Preferred Stock"), outstanding as of the record date are entitled to notice of and to vote at the Annual Meeting.

#### *Voting by Telephone*

Stockholders of record may vote by using the toll-free number listed on the proxy card. Telephone voting is available 24 hours a day, seven days a week, except that no telephone votes will be accepted

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after Midnight, E.D.T., on Tuesday, May 18, 2004, the day prior to the Annual Meeting. Easy-to-follow voice prompts allow you to vote your shares and confirm that your voting instructions have been properly recorded. The Company's telephone voting procedures are designed to authenticate stockholders by using the individual control numbers provided on each proxy card. If you vote by telephone, you do not need to return your proxy card. Please see the enclosed proxy card for additional telephone voting instructions.

#### *Voting by Mail*

If you choose to vote by mail, simply mark, sign and date the enclosed proxy card, and return it in the enclosed postage-paid envelope. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be voted FOR the Class II nominees described below and FOR all other proposals described in this Proxy Statement. On all 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 enclosed proxy card.

#### *If You Wish to Revoke Your Proxy*

Whichever method you use to vote, you may later revoke your proxy at any time before your shares are voted by (i) voting by telephone at a later time; (ii) submitting a properly signed proxy with a later date; or (iii) if you are a stockholder of record, voting in person at the Annual Meeting. Please remember that, as described above, there will be no telephone voting available after Midnight, E.D.T., on Tuesday, May 18, 2004, the day prior to the Annual Meeting.

#### *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 by telephone or by mail. If you hold your shares in "street name," that is, if you hold your shares through a bank, broker or other nominee holder, you must obtain a written proxy, executed in your favor, from the nominee in order to vote your shares in person at the Annual Meeting.

#### *Quorum; Broker Non-Votes; Abstentions*

A majority in voting power of the outstanding shares of Common Stock and Preferred Stock present in person or represented by proxy will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions, votes withheld and broker non-votes will be treated as being present for the purpose of determining the presence of a quorum at the Annual Meeting. "Broker non-votes" occur when a bank, broker or other nominee holder has not received voting instructions with respect to a particular matter and the nominee holder does not have discretionary power to vote on that matter. Shares voted "For," "Against," "Abstain," or "Withhold" are treated as votes cast at the Annual Meeting with respect to the matter in question. Broker non-votes, however, are not treated as votes cast at the Annual Meeting.

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Since broker non-votes are not treated as votes cast at the Annual Meeting, they will have no effect on Proposal No. 1, the election of directors, because the two Class II directors are elected by a plurality of the votes cast. Votes to "withhold" with respect to Proposal No. 1 also will have no effect on the outcome of the election of directors. Since broker non-votes are not treated as votes cast, they also will have no effect on any matters before the Annual Meeting which require the affirmative vote of the majority of the total votes cast, such as ratification of the selection of the Company's independent auditor or the adoption of the 2004 Incentive Stock Plan or the Restricted Stock Plan for Non-Employee Directors. Abstentions on proposals that require the majority of the votes cast will have the same effect as a vote against such proposals. Since the proposed amendments of the Company's

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Certificate of Incorporation require the affirmative vote of at least 66<sup>2</sup>/<sub>3</sub>% of the shares entitled to vote at the Annual Meeting, broker non-votes and abstentions will have the same effect as a vote against the proposed amendments.

Because the amendments to the provisions of the Certificate of Incorporation described in Proposals 2 through 6 require the approval of at least 66<sup>2</sup>/<sub>3</sub>% of the shares entitled to vote at the Annual Meeting, these provisions are referred to as the "Supermajority Provisions" in this Proxy Statement. Your Board of Directors believes that the proposed amendments to the Supermajority Provisions, which are intended to effectively repeal those provisions, will provide important rights and benefits to the Company's stockholders. Therefore, the Board of Directors encourages you to vote your shares FOR proposals 2 through 6 for the reasons described below.

### *Voting on Other Matters*

If any other matters are properly presented for consideration at the Annual Meeting, the proxy holders named in the enclosed proxy card will have the discretion to vote your shares on those matters in accordance with the Board of Directors' recommendations on any such matters. If the Board of Directors does not make a recommendation on any such other matters, the proxy holders will be entitled to vote in their discretion on those matters. The Company does not know of any other matters to be presented for consideration at the Annual Meeting.

### *Multiple Accounts*

If you hold shares in more than one account or if your shares are registered in different names, you may receive more than one proxy card for the Annual Meeting. **Please sign, date and return all proxy cards you receive to ensure that all of your shares are represented and voted at the Annual Meeting.**

### *Voting Policies*

Regardless of the method by which you vote, if you specify the manner in which your shares are to be voted on a matter, the shares represented by your proxy will be voted in accordance with your instructions. If you grant an otherwise valid proxy without giving specific voting instructions, your shares will be voted FOR the two Class II director nominees described below and FOR Proposal Nos. 2 through 9.

If you hold your shares in a brokerage account or through another nominee holder, you are considered the "beneficial owner" of shares held in "street name," and these proxy materials are being forwarded to you by your broker or other nominee holder along with a voting instruction card. As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares, and that party is required to vote your shares in accordance with your instructions. In limited circumstances, a nominee holder is entitled to vote your shares in the absence of specific voting instructions from you on matters that are considered "routine." If you do not give specific instructions to your broker or other nominee holder, that party will be entitled to vote your shares in its discretion on Proposal No. 1 (the Election of Class II Directors) and Proposal No. 9 (Ratification of the Appointment of Independent Auditors), but it will not have the discretion to vote your shares on any other proposals. As described above, a broker or nominee will not vote your shares on any non-routine matters for which you have not given your nominee holder specific instructions, and your shares will be counted as "broker non-votes" on those proposals.

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### *Vote Required*

The votes required to approve the respective proposals to be considered at the Annual Meeting are as follows:

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Proposal No. 1 Election of Class II Directors. The directors are elected by a plurality of the votes cast in the election.

Proposal Nos. 2 through 6 Amendment of the Supermajority Provisions. Each proposed amendment to the Company's Certificate of Incorporation requires the affirmative vote of at least two-thirds of the combined voting power of the shares of Common Stock and Preferred Stock.

Proposal Nos. 7 and 8 Approval of the 2004 Incentive Stock Plan and the Restricted Stock Plan for Non-Employee Directors. Each plan must be approved by the affirmative vote of the holders of a majority of the votes cast at the Annual Meeting.

Proposal No. 9 Ratification of Selection of Auditors. The appointment of the independent auditor must be approved by the affirmative vote of the holders of a majority of the votes cast at the Annual Meeting.

### VOTING SECURITIES

The Common Stock and the Preferred Stock are the only voting securities of the Company currently outstanding. As of the close of business on March 24, 2004, the record date for the Annual Meeting, there were 13,113,934 shares of Common Stock and 2,634,016 shares of Preferred Stock issued and outstanding. Each share of Common Stock and each share of Preferred Stock is entitled to one vote on each matter to be voted on at the Annual Meeting, and the Common Stock and Preferred Stock will vote together as a single class on all matters to be voted on at the Annual Meeting. Therefore, an aggregate of 15,747,950 votes could possibly be cast at the Annual Meeting.

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### 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 March 24, 2004 with respect to the other persons listed in the table, the number of outstanding shares of Common Stock and Preferred Stock and the percentage of each class beneficially owned:

by each person known to the Company to be the beneficial owner of more than five percent of any outstanding class of voting securities of the Company;

by each current director, nominee for election as a director and by each current or former executive officer identified in the Summary Compensation Table; and

by all current directors and executive officers of the Company as a group.

Except as otherwise indicated in the footnotes to the table, and subject to 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, 26081 Avenue Hall, California 91355, unless otherwise specified.

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned(1)		Shares of Preferred Stock Beneficially Owned(1)	
	Number of Shares	Percentage Ownership	Number of Shares	Percentage Ownership



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	Shares of Common Stock Beneficially Owned(1)		Shares of Preferred Stock Beneficially Owned(1)	
The Clark Estates, Inc. One Rockefeller Plaza, New York, New York 10020	2,061,301(2)	15.7%	833,333	31.6%
T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, Maryland 21202	1,747,348(3)	13.3%	263,482	10.0%
Daruma Asset Management, Inc. 60 East 42nd Street, Suite 1111, New York, New York 101651	1,524,400(4)	11.6%		
St. Denis J. Villere & Company 210 Baronne Street, Suite 808, New Orleans, Louisiana 70112	1,393,914(5)	10.6%		
3D Systems 2003 Grat Lisa P. Selz Trustee c/o Bernard Selz ING Furman Selz 230 Park Ave. New York, NY 10169	665,000(6)	5.1%	665,000	25.2%
Austin W. Marxe and David M. Greenhouse 153 East 53rd Street 55th Floor New York, New York 10022	832,975(7)	6.3%		
Goldsmith & Harris Incorporated 80 Pine Street New York, New York 10005	705,141(8)	5.4%	66,700	2.5%
Philip W. Goldsmith 350 East 72nd Street New York, New York 10021	732,641(9)	5.6%	66,700	2.5%
Jay R. Harris 130 East End Avenue New York, New York 10028	925,526(10)	7.1%	99,700	3.8%

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Miriam V. Gold	51,132(11)	*		
Charles W. Hull	580,933(12)	4.4%	8,333	*
Jim D. Kever	137,282(13)	1.0%		
G. Walter Loewenbaum II	1,423,798(14)	10.9%	208,334	7.9%
Kevin S. Moore	2,081,944(15)	15.9%	833,333	31.6%
Abraham N. Reichental	152,578(16)	1.2%		
Richard C. Spalding	9,298(17)	*		
Kevin McAlea, Ph.D.	42,798(18)	*	3,333	*
Ray R. Saunders	41,833(19)	*	2,833	*
Robert M. Grace, Jr.	14,912(20)	*		
Fred R. Jones	10,000	*		
G. Peter V. White	21,250(21)	*		
Kevin M. McNamara	33,333(22)	*		
Grant R. Flaharty	198,960(23)	1.5%		
Brian K. Service	295,900(24)	2.2%	25,000	*
All current directors and executive officers as a group (12 persons)	4,567,758(25)	34.8%	1,056,166	40.1%

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Less than one percent

- (1) The percentage ownership is based on 13,113,934 shares of Common Stock and 2,634,016 shares of Preferred Stock outstanding as of March 24, 2004, the record date for the Annual Meeting. Common Stock numbers include, with respect to the stockholder in question, (a) shares of Common Stock issuable upon exercise of options exercisable within 60 days of March 1, 2004 (b) shares of Common Stock issuable upon conversion of outstanding 6% and 7% convertible subordinated debentures of the Company and (c) shares of Common Stock issuable upon conversion of shares of Preferred Stock outstanding. All outstanding 6% and 7% convertible subordinated debentures of the Company and all outstanding shares of Preferred Stock currently are convertible into Common Stock. Each share of Preferred Stock is convertible into one share of Common Stock.
  - (2) Includes 833,333 shares of Preferred Stock that are convertible into 833,333 shares of Common Stock and 294,696 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures of the Company. The Clark Estates, Inc. is a private investment firm. Kevin S. Moore, a director of the Company, is the President and a director of The Clark Estates, Inc. and is the President of Ninth Floor Corporation, which is the general partner of Clark Partners I, L.P. The Clark Estates, Inc. provides management and administrative services to Clark Partners I, L.P., which in turn owns certain of the Company's securities. Information regarding the beneficial ownership of the Company's securities by The Clark Estates, Inc. is taken exclusively from Amendment No. 4 to the Schedule 13D filed by The Clark Estates, Inc. on December 10, 2003.
  - (3) These securities are owned by various individual and institutional investors, including T. Rowe Price Small-Cap Value Fund, Inc. (which owns 1,032,000 shares of Common Stock directly, 263,482 shares of Preferred Stock that are convertible into 263,482 shares of Common Stock and 451,866 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures of the Company, representing in the aggregate 12.8% of the shares of the Common Stock outstanding assuming such conversion), for which T. Rowe Price Associates, Inc. serves as investment advisor with power to direct and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act, T. Rowe Price is deemed to be a beneficial owner of these securities; however, T. Rowe Price expressly disclaims that it is the beneficial
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- owner of these securities. All information regarding the beneficial ownership of the Company's securities by T. Rowe Price, other than ownership of Preferred Stock and the 6% convertible subordinated debentures, is taken exclusively from Amendment No. 2 to the Schedule 13G filed by T. Rowe Price on February 12, 2004.
- (4) Daruma Asset Management, Inc., a New York corporation, is an investment advisor registered under the Investment Advisors Act of 1940. These securities are beneficially owned by one or more investment advisory clients whose accounts are managed by Daruma. The investment advisory contracts relating to these accounts grant to Daruma sole investment and/or voting power over the securities owned by the accounts. Therefore, Daruma may be deemed to be the beneficial owner of these securities for purposes of Rule 13d-3 under the Exchange Act. Daruma has sole power to dispose or direct the disposition of 1,524,400 shares of Common Stock and sole power to vote or direct the vote of 723,700 shares of Common Stock. Mariko O. Gordon owns in excess of 50% of the outstanding voting stock and is the president of Daruma. Ms. Gordon may be deemed to be the beneficial owner of securities held by persons and entities advised by Daruma for purposes of Rule 13d-3. Daruma and Ms. Gordon each disclaims beneficial ownership in any of these securities. Daruma and Ms. Gordon are of the view that they are not acting as a "group" for purposes of Section 13(d) under the Exchange Act and that they are not otherwise required to attribute to each other the "beneficial ownership" of securities held by any of them or by any persons or entities advised by Daruma. All information regarding the beneficial ownership of the Company's securities by Daruma is taken exclusively from Amendment No. 3 to the Schedule 13G filed by Daruma and Mrs. Gordon on February 12, 2004.
  - (5) 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, 2003, Villere was deemed to have or share voting or dispositive power over, and therefore to own beneficially, 1,393,914 shares of Common Stock. Of that amount, Villere has sole voting and dispositive power over 106,033 shares of Common Stock and shared voting and dispositive power over 1,287,881 shares of Common Stock. All information regarding the beneficial ownership of Company securities by Villere is taken exclusively from Amendment No. 3 to the Schedule 13G filed by Villere on February 10, 2004.
  - (6) Represents 665,000 shares of Preferred Stock that are convertible into 665,000 shares of Common Stock.

- (7) Austin W. Marx and David M. Greenhouse jointly filed a Schedule 13G dated February 17, 2004 which states that they share sole voting and investment power over a total of 145,352 shares of Common Stock and an additional 687,623 shares of Common Stock that are issuable upon conversion of 6% convertible subordinated debentures of the Company, which shares and debentures are owned by the investment funds listed below. Such Schedule 13G states that Messrs. Marx and Greenhouse are the controlling principals of AWM Investment Company, Inc. ("AWM"), the general partner of and investment adviser to Special Situations Cayman Fund, L.P. AWM also serves as the general partner of and investment adviser to Special Situations Fund III, L.P. Messrs. Marx and Greenhouse are also members of MG Advisors, L.L.C., the general partner of and investment adviser to Special Situations Technology Fund, II, L.P. Such Schedule 13G states that the principal business of each fund is to invest in equity and equity-related securities and other securities of any kind or nature.
- (8) Goldsmith & Harris Incorporated filed a Schedule 13G on February 12, 2004 that states that, through its executive officers, it is the beneficial owner of 705,141 shares of Common Stock, including 66,700 shares of Common Stock issuable upon conversion of 66,700 shares of Preferred Stock and 29,469 shares of Common Stock issuable upon conversion of the Company's 6% convertible debentures, by virtue of its investment discretion over accounts of its clients that hold shares of Common Stock or such convertible securities. Goldsmith & Harris has the sole power to dispose or to direct the disposition of such shares. Such Schedule 13G states that Goldsmith &

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Harris is a broker-dealer registered under Section 15 of the Exchange Act and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940.

- (9) Mr. Goldsmith filed a Schedule 13G on February 12, 2004 that states that he is the beneficial owner of 732,641 shares of Common Stock, including the 705,141 shares beneficially owned by Goldsmith & Harris (see note 8 above). Such Schedule 13G indicates that, in addition to the Goldsmith & Harris shares, Mr. Goldsmith has the sole power to vote or to direct the vote of 27,000 shares of Common Stock and sole power to dispose or to direct the disposition of 27,500 shares of the Common Stock. Such Schedule 13G states that Mr. Goldsmith is the beneficial owner of such shares of through his IRA, his power of attorney for various accounts, and his position as Chairman of Goldsmith & Harris.
- (10) Mr. Harris filed a Schedule 13G on February 12, 2004 that states that he is the beneficial owner of 925,526 shares of Common Stock, including the 705,141 shares beneficially owned by Goldsmith & Harris (see note 8 above). Such Schedule 13G indicates that, in addition to the Goldsmith & Harris shares, Mr. Harris has the sole power to vote or to direct the vote of 205,785 shares of Common Stock, and the sole power to dispose or to direct the disposition of 220,385 shares of Common Stock, including 33,000 shares of Common Stock issuable upon the conversion of 33,000 shares of Preferred Stock held and 49,115 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures of the Company. Such Schedule 13G indicates that Mr. Harris' beneficial ownership of such shares is derived through his direct, personal ownership of shares of Common Stock, his IRA, his power of attorney for various accounts, his position as General Partner of One GT Associates, and his position as President of Goldsmith & Harris.
- (11) Includes 50,832 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004.
- (12) Includes (a) 82,500 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004 and (b) 490,100 shares of Common Stock and 8,333 shares of Preferred Stock which are convertible into 8,333 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. Mr. Hull disclaims beneficial ownership, except to the extent of his pecuniary interest therein, of the 8,333 shares of Common Stock issuable upon conversion of the shares of Preferred Stock described above.
- (13) Includes (a) 47,499 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004, (b) 29,167 shares of Common Stock issuable upon conversion of 7% convertible subordinated debentures of the Company and (c) 49,116 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures of the Company. Mr. Kever disclaims beneficial ownership of 8,333 shares of Common Stock issuable upon conversion of the 7% convertible subordinated debentures of the Company and 24,558 shares of Common Stock issuable upon conversion of the 6% convertible subordinated debentures of the Company, which debentures are held by a trust for the benefit of Mr. Kever's minor children.

- (14) Includes (a) 45,371 shares held in the name of Lillian Shaw Loewenbaum, Mr. Loewenbaum's wife, (b) 1,181 shares held in the name of The Lillian Shaw Loewenbaum Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (c) 55,219 shares held in the name of The Loewenbaum 1992 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (d) 151,900 shares held in the name of G. Walter Loewenbaum CGM Profit Sharing Custodian, G. Walter Loewenbaum Trustee, Mr. Loewenbaum's pension plan, (e) 16,594 shares held in the name of the Anna Willis Loewenbaum 1993 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (f) 16,594 shares held in the name of the Elizabeth Scott Loewenbaum 1993 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (g) 10,947 shares held in the name of Wally's Trust u/w/o Joel Simon Loewenbaum for which Mr. Loewenbaum serves as trustee, (h) 200,000 shares of Common

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Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004, (i) 208,334 shares of Preferred Stock which are convertible into 208,334 shares of Common Stock, (j) 83,334 shares of Common Stock issuable upon conversion of 7% convertible subordinated debentures, and (k) 152,259 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures. Mr. Loewenbaum disclaims beneficial ownership except to the extent of his pecuniary interest therein of (i) the 83,334 shares of Common Stock issuable upon conversion of the 7% convertible subordinated debentures, (ii) 83,496 shares of Common Stock issuable upon conversion of the 6% convertible subordinated debentures and (iii) any other securities not directly held by him.

- (15) Includes (a) 20,643 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004 and (b) all shares shown above as being beneficially owned by The Clark Estates, Inc., with respect to which Mr. Moore disclaims beneficial ownership except to the extent of his pecuniary interest therein. See Note 2 above.

- (16) Includes (a) 3,462 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004 and (b) 49,116 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures of the Company.

- (17) Represents 9,298 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004.

- (18) Includes (a) 37,500 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004, (b) 3,333 shares of Preferred Stock which are convertible into 3,333 shares of Common Stock and (c) 1,965 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures.

- (19) Includes (a) 39,000 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004 and (b) 2,833 shares of Preferred Stock which are convertible into 2,833 shares of Common Stock.

- (20) Includes 4,912 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures.

- (21) Represents 21,250 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004.

- (22) Includes (a) 25,000 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004 and (b) 8,333 shares of Common Stock issuable upon conversion of 7% convertible subordinated debentures. Mr. McNamara served as Interim Chief Financial Officer from August 15, 2003 until December 25, 2003.

- (23) Includes 187,500 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004. Mr. Flaharty ceased to be an executive officer effective May 23, 2003.

- (24)

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Includes (a) 270,000 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004 and (b) 25,000 shares of Preferred Stock which are convertible into 25,000 shares of Common Stock. Mr. Service ceased to be a director and executive officer effective August 8, 2003.

(25)

Includes an aggregate of (a) 515,317 shares of Common Stock issuable upon exercise of outstanding options exercisable within 60 days after March 1, 2004, (b) 1,056,166 shares of Preferred Stock which are convertible into 1,056,166 shares of Common Stock, (c) 112,501 shares of Common Stock issuable upon conversion of 7% convertible subordinated debentures of the Company and (d) 552,064 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures of the Company. The amounts of these securities held by the respective directors and executive officers are referenced in the notes above.

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### PROPOSAL NO. 1 ELECTION OF CLASS II DIRECTORS

The Company's Certificate of Incorporation currently divides the Board of Directors into three classes serving staggered terms of three years. Currently, there are three directors in Class I, two directors in Class II and two directors in Class III.

The current Class II Directors, whose term of office expires at the 2004 Annual Meeting, have been nominated for re-election by the Board of Directors. If the Class II nominees are re-elected at the Annual Meeting, their new term of office will continue until the 2007 Annual Meeting. The current term of office of the Class I directors continues until the 2006 Annual Meeting, and the current term of office of Class III Directors continues until the 2005 Annual Meeting. If the proposal to amend the Supermajority Provision of the Company's Certificate of Incorporation calling for a classified Board of Directors is approved at the Annual Meeting, Directors elected after the Annual Meeting will serve for only one-year terms and until their successors are elected and qualified.

Shares of Common Stock or Preferred Stock represented by a valid proxy will be voted in accordance with the voting instructions specified on the proxy. In the absence of specific voting instructions, shares represented by a valid proxy will be voted FOR the election of the of the Class II nominees named below. Each Class II nominee listed below has consented to being named in this Proxy Statement and to serve as a director if elected. If either Class II nominee is unable to stand for election or is unable or unwilling to serve as a director if elected, the shares represented by valid proxies may be voted in favor of such other person as may be recommended by the present Board of Directors. The Company is not aware of any nominee who is unwilling or will be unable to serve as a director if elected.

### THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS YOU VOTE "FOR" THE CLASS II NOMINEES LISTED BELOW

The Class II Directors will be elected by the plurality of the votes cast at the Annual Meeting. Broker non-votes and votes to "withhold" will be treated as described in "Quorum; Broker Non-Votes; Abstentions" above.

#### Information Regarding Class II Nominees and Continuing Directors

The following table sets forth for each Class II nominee and for each continuing Class I and Class III Director his or her business experience for the past five years, the year in which he or she first became a director of the Company, and his or her age as of March 1, 2004.

Name	Business Experience	Director Since	Age
<b>CLASS II DIRECTOR NOMINEE:</b>			
Miriam V. Gold	Ms. Gold has been Deputy General Counsel of Ciba Specialty Chemicals Corporation, a specialty chemicals company, since July 2002. Previously, Ms. Gold served as Assistant General Counsel of Ciba Specialty Chemicals Corporation, and its predecessors, Novartis Inc. and Ciba-Geigy Corporation.	1994	53

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Name	Business Experience	Director Since	Age
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Abraham N. Reichental	Mr. Reichental became the Company's President and Chief Executive and director effective September 19, 2003. For more than five years prior to joining the Company, Mr. Reichental served in executive management positions with Sealed Air Corporation, a global manufacturer of food, protective and specialty packaging materials, most recently serving as a corporate officer and Vice President and General Manager of its Shrink Packaging Division from May 2001 until September 2003 and previously as Vice President Asia-Pacific.	2003	47

**CONTINUING CLASS I DIRECTORS: TERMS EXPIRE AT 2006 ANNUAL MEETING**

G. Walter Loewenbaum II	Mr. Loewenbaum has been the Chairman of the Company's Board of Directors since September 1999. He is also a director, and previously served as Managing Director, of LeCorgne Loewenbaum LLC, an investment banking firm, since 2000. Previously, he served as Chairman and Chief Executive Officer of Loewenbaum & Company (formerly Southcoast Capital Corp.), an investment banking and investment management firm that he founded. Mr. Loewenbaum also serves as the Chairman of the Board of Luminex Corporation, a manufacturer of laboratory testing equipment.	1999	58
Jim D. Kever	Mr. Kever has been a Principal in Voyent Partners, LLC, a venture capital partnership, since 2001. Previously, Mr. Kever was associated with WebMD Corporation (formerly Envoy Corporation), an internet-based healthcare services company, in its Transaction Services Division as the President and Co-Chief Executive Officer beginning in August 1995. Mr. Kever is also a director of Transaction Systems Architects, Inc., a supplier of electronic payment software products and network integration solutions, as well as Luminex Corporation, and Tyson Foods, Inc., an integrated processor of food products.	1996	51
Richard C. Spalding	Mr. Spalding has been a Partner of Thomas Weisel Healthcare Venture Partners, a venture capital group that he co-founded, since April 2003. He has also served as a General Partner of ABS Ventures, a venture capital group, since January 2000. Prior to that, he served as Vice President and Chief Financial Officer of Portal Software, an internet billing company, between February 1997 and March 1999.	2001	52

**CONTINUING CLASS III DIRECTORS: TERMS EXPIRE AT 2005 ANNUAL MEETING**

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Charles W. Hull	Mr. Hull has served as Chief Technology Officer of the Company since April 1997 and, since May 2000, as Executive Vice President. From August 8, 2003 until September 19, 2003, Mr. Hull served as Interim Chief Executive Officer of the Company. Mr. Hull also has served as Vice Chairman of the Board of Directors and as President and Chief Operating Officer of the Company.	1993	64
Kevin S. Moore	Mr. Moore has been with The Clark Estates, Inc., a private investment firm, for more than five years, where he is currently President and a director. Mr. Moore is also a director of Cyberonics, Inc., a manufacturer of implantable medical devices, Aspect Resources LLC, The Clark Foundation and the National Baseball Hall of Fame & Museum, Inc.	1999	49

### DIRECTOR INDEPENDENCE

The Company's Board of Directors is comprised of a majority of independent directors. The Board has determined that Miriam V. Gold, Jim D. Kever, Kevin S. Moore and Richard C. Spalding are independent directors as defined in the listing standards of the National Association of Securities Dealers, Inc. ("NASD").

### MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Company's Board of Directors maintains an Audit Committee, a Corporate Governance and Nominating Committee and a Compensation Committee. The Board of Directors has determined that each of the members of these committees is an independent director, as described above. Each of these committees operates under a written charter approved by the Board of Directors, as described below.

#### *2003 Meetings of the Board of Directors*

During 2003, the Board of Directors held 18 meetings (excluding actions by unanimous written consent). The Board of Directors holds executive sessions with only non-management directors in attendance at its regular meetings and at other meetings when circumstances warrant those sessions. Each current member of the Board of Directors, except for Mr. Kever, 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 2003.

#### *Audit Committee*

The principal responsibilities of the Audit Committee are to assist the Board of Directors in fulfilling its responsibilities for monitoring and overseeing the Company's systems of internal accounting and financial controls; the public reporting processes of the Company; the retention, performance, qualifications and independence of the Company's independent auditor; the performance of the Company's internal audit function; the annual independent audit of the Company's consolidated financial statements; the integrity of the Company's consolidated financial statements; and the Company's compliance with legal and regulatory requirements. The Audit Committee has the ultimate authority and responsibility to select, evaluate, approve terms of retention and compensation of, and,

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where appropriate, replace the independent auditor, subject to ratification of the selection of the independent auditor by the Company's stockholders at the annual meeting of stockholders. The Audit Committee operates under an amended and restated Audit Committee Charter, a copy of which is attached as Annex A to this Proxy Statement.

The current members of the Audit Committee are Messrs. Spalding (Chairman), Kever and Moore. The Board of Directors has determined that all members of the Audit Committee meet the independence standards for audit committee members set forth in the Sarbanes-Oxley Act of 2002 and the listing standards of the NASD. In addition, the Board of Directors has determined that each member of the Audit Committee is an "audit committee financial expert" as defined in Item 401(h)(1) of Regulation S-K and therefore meets the NASD listing standards requirement of having accounting or related financial management expertise. The Audit Committee held eight meetings in 2003 (excluding actions by unanimous written consent). During 2003, the Audit Committee also held private sessions with the Company's independent auditor and the

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Director of Internal Audit at several of its meetings, and the Chairman of the Audit Committee holds regular conferences with the Director of Internal Audit.

The report of the Audit Committee is set forth beginning on page 35 of this Proxy Statement.

### *Corporate Governance and Nominating Committee*

In March 2004, the Board of Directors expanded the authority of its Corporate Governance Committee to include the responsibilities of a nominating committee and re-designated the committee the "Corporate Governance and Nominating Committee."

The principal responsibilities of the Corporate Governance and Nominating Committee are to assist the Board of Directors in identifying individuals qualified to become Board members, to recommend to the Board of Directors director nominees for the next annual meeting of stockholders and to fill vacancies or newly-created directorships at other times; to recommend to the Board the corporate governance guidelines applicable to the Company; to lead the Board of Directors in its annual review of the performance of the Board of Directors and its committees; and to recommend to the Board of Directors director nominations for each committee. The current members of the Corporate Governance and Nominating Committee are Messrs. Moore (Chairman), Keever and Ms. Gold, each of whom is an independent director as defined in the listing standards of the NASD. The Corporate Governance and Nominating Committee will consider director nominees recommended by stockholders of the Company in accordance with the procedures set forth in the Company's Amended and Restated By-Laws the "By-Laws"). A copy of the By-Law provisions relating to nomination of directors may be obtained from the Secretary of the Company, 26081 Avenue Hall, Valencia, California 91355. See "Stockholder Proposals for the 2005 Annual Meeting" below. The Corporate Governance Committee held one meeting in 2003 (excluding actions by unanimous written consent).

The Corporate Governance and Nominating Committee operates under a written charter, a copy of which is posted at our website at [www.3DSystems.com](http://www.3DSystems.com).

### *Compensation Committee*

The Compensation Committee is comprised solely of "independent" directors, as that term is defined in the listing standards of the NASD and Section 162(m) of the Internal Revenue Code. The members of the Compensation Committee are also "Non-Employee Directors" as defined in Rule 16b-3(b)(3)(i) promulgated under the Securities Exchange Act of 1934, as amended. The principal responsibilities of the Compensation Committee are to determine the compensation of all executive officers of the Company and of the other employees of the Company or any of its subsidiaries with a base annual salary of \$200,000 or more; to review the performance and compensation of the Chief

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Executive Officer of the Company; to administer the Company's stock option plans and to authorize the issuance of shares of Common Stock under the Company's stock option plans; and to perform the duties and responsibilities of the Board of Directors under the Company's Section 401(k) Plan. Consistent with the requirements of the listing standards of the NASD, the Chief Executive Officer may not be present during voting or deliberations regarding his or her compensation. The current members of the Compensation Committee are Ms. Gold (Chair) and Mr. Moore. The Compensation Committee held six meetings in 2003 (excluding actions by unanimous written consent).

The Compensation Committee operates under a written charter, a copy of which is posted at our website at [www.3DSystems.com](http://www.3DSystems.com).

### *Policy on Attending Annual Meetings*

The Company encourages, but does not require, all incumbent directors and director nominees to attend the Company's annual meetings of stockholders. At the Company's 2003 Annual Meeting of Stockholders, five of the six directors then in office were in attendance.

### *Compensation Committee Interlocks and Insider Participation*

In addition to Ms. Gold and Mr. Moore, who served as members of the Compensation Committee during 2003, Mr. Loewenbaum served as a member of that committee from November 18, 2002 until August 26, 2003. See "Director Compensation" and "Certain Transactions" below. None of the Company's current executive officers served during 2003 as a director of any entity with which any of the Company's outside directors is associated.

### *Availability of Information*



The Board of Directors has adopted Corporate Governance Guidelines, a Code of Conduct for employees of the Company and a Code of Ethics for Senior Financial Executives and Directors, which are available on the Company's web site at [www.3DSystems.com](http://www.3DSystems.com). See also "Code of Ethics" below.

### STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Stockholders may communicate with the Board of Directors by sending an email to [GraceB@3DSystems.com](mailto:GraceB@3DSystems.com) or by sending a letter to Board of Directors of 3D Systems Corporation, c/o Corporate Secretary, 26081 Avenue Hall, Valencia, California 91355. 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 as a stockholder. 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. The Company reserves the right not to forward to the Board of Directors any communication that is hostile, threatening, 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.

### DIRECTOR COMPENSATION

Each of the independent directors of the Company is entitled to receive a cash retainer of \$15,000 per year for serving as a director and a fee of \$1,500 for each regular or special Board meeting he or she attends. The Chairman of the Audit Committee also receives a cash retainer of \$15,000 per year for serving as chairman of the Audit Committee, each other member of the Audit Committee receives a cash retainer of \$5,000 per year for serving as a member of that committee, and the Chairs of the Compensation Committee and the Corporate Governance and Nominating Committee receive a cash

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retainer of \$5,000 per year for serving as the chairpersons of those committees. Each of these directors also receives a fee of \$1,500 for each committee meeting attended on a day other than a day on which a regular meeting of the Board of Directors is held. Ms. Gold and Messrs. Kever, Moore and Spalding receive these directors' fees.

In addition to serving as a director and as Chairman of the Board, prior to November 2002, Mr. Loewenbaum was an employee of and a consultant to the Company. In November 2002, Mr. Loewenbaum ceased his employment with the Company, and the Board of Directors approved the payment to him of \$180,000 per year for his services as Chairman of the Board, which is the same rate of base compensation he had been paid as an employee of the Company.

The Company also maintains its 1996 Non-Employee Directors Stock Option Plan, under which each non-employee director of the Company receives 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. Ms. Gold and Messrs. Kever, Loewenbaum, Moore and Spalding are entitled to participate in this Plan.

In addition, the 1996 Non-Employee Directors Stock Option Plan provides that, if a non-employee director is elected or appointed a director at other than an annual meeting of stockholders, that person will be granted at the time of his or her election stock options covering a pro-rata portion of 10,000 shares of Common Stock multiplied by a fraction, the numerator of which equals 365 minus the number of days between the last annual meeting of stockholders and the date of grant, and the denominator of which is 365.

The exercise price for options granted under the 1996 Non-Employee Director Stock Option Plan is 100% of the fair market value of the Company's Common Stock on the date of grant. These options are not exercisable in the first six months following their grant (except in the case of death), vest as to one-third of the shares covered by each option on the first, second and third anniversaries of the date of grant of each option, and are thereafter exercisable until the tenth anniversary of the grant date, subject to certain limitations if the person ceases to be a director. See "Approval of Restricted Stock Plan for Non-Employee Directors" below.

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## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table sets forth, as to the Company's current President and Chief Executive Officer, its former Chief Executive Officer and President, and as to each of the other most highly compensated officers, information concerning all compensation paid to each of those individuals for services to the Company in all capacities for each of the three years ended December 31, 2003 during which such individuals served as executives of the Company, as indicated below. Because of the changes that were made in the Company's management in 2003, information is set forth in the following table for each of the Company's current executive officers, regardless of whether their actual compensation exceeded \$100,000 in 2003.

Name and Principal Position	Year Ended December 31	Salary	Annual Compensation(1)		Long-Term Compensation Awards	
			Bonus	Number of Securities Underlying Options	Stock Grants(2)	All Other Compensation
Abraham N. Reichental(3) President and Chief Executive Officer	2003	\$ 114,231	\$ 100,000	400,000	\$ 725,000	\$ 14,916(4)
Brian K. Service(5) Former Chief Executive Officer and President	2003	\$ 511,692			\$	\$ 362,450
	2002	\$ 87,264(5)		350,000	\$	\$ 130,587
	2001	\$ (5)				
Charles W. Hull(6) Executive Vice President, Chief Technology Officer	2003	\$ 275,000				
	2002	\$ 275,000			\$	\$ 2,040(7)
	2001	\$ 275,000		10,000	\$	\$ 26,679(7)
Kevin McAlea, Ph.D. Senior Vice President	2003	\$ 217,724		55,000	\$	\$ 23,062(4)
G. Peter V. White(8) Vice President, Finance	2003	\$ 176,000		85,000	\$	\$ 3,096(4)
Robert M. Grace, Jr.(9) Vice President, General Counsel and Secretary	2003	\$ 30,288		40,000	\$ 96,000	
Fred R. Jones(10) Vice President and Chief Financial Officer	2003	\$		100,000	\$ 98,000	
Ray R. Saunders Senior Vice President	2003	\$ 212,077		25,000		
	2002	\$ 173,046		10,000	\$	\$ 1,839(7)
	2001	\$ 149,988	\$ 8,727	11,500	\$	\$ 1,753(7)
Grant R. Flaharty(11) Former President and Chief Operating Officer	2003	\$ 330,581	\$			
	2002	\$ 314,000	\$			
	2001	\$ 263,077	\$			