

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2020
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No. 001-34220



3D SYSTEMS CORPORATION

(Exact name of Registrant as specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

95-4431352
(I.R.S. Employer
Identification No.)

333 Three D Systems Circle
Rock Hill, South Carolina 29730
(Address of Principal Executive Offices and Zip Code)

(Registrant's Telephone Number, Including Area Code): **(803) 326-3900**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	DDD	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
Shares of Common Stock, par value \$0.001 per share, outstanding as of November 2, 2020: 124,141,935

3D SYSTEMS CORPORATION
Form 10-Q
For the Quarter and Nine Months Ended September 30, 2020

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

**3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS**

<i>(In thousands, except par value)</i>	<u>September 30, 2020 (unaudited)</u>	<u>December 31, 2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 75,264	\$ 133,665
Accounts receivable, net of reserves — \$8,243 and \$8,762	98,755	109,408
Inventories	126,882	111,106
Prepaid expenses and other current assets	34,671	18,991
Total current assets	<u>335,572</u>	<u>373,170</u>
Property and equipment, net	81,433	92,940
Intangible assets, net	36,888	48,338
Goodwill	179,536	223,176
Right of use assets	44,366	36,890
Deferred income tax asset	6,502	5,408
Other assets, net	22,985	27,390
Total assets	<u>\$ 707,282</u>	<u>\$ 807,312</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 1,758	\$ 2,506
Current right of use liabilities	9,431	9,569
Accounts payable	41,674	49,851
Accrued and other liabilities	66,749	63,095
Customer deposits	4,463	5,712
Deferred revenue	36,353	32,231
Total current liabilities	<u>160,428</u>	<u>162,964</u>
Long-term debt, net of deferred financing costs	19,804	45,215
Long-term right of use liabilities	44,521	35,402
Deferred income tax liability	5,121	4,027
Other liabilities	48,890	45,808
Total liabilities	<u>278,764</u>	<u>293,416</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, \$0.001 par value, authorized 220,000 shares; issued 127,664 and 121,266	128	120
Additional paid-in capital	1,404,265	1,371,564
Treasury stock, at cost — 3,456 shares and 3,670 shares	(22,590)	(18,769)
Accumulated deficit	(923,473)	(793,709)
Accumulated other comprehensive loss	(29,812)	(37,047)
Total 3D Systems Corporation stockholders' equity	<u>428,518</u>	<u>522,159</u>
Noncontrolling interests	—	(8,263)
Total stockholders' equity	<u>428,518</u>	<u>513,896</u>
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 707,282</u>	<u>\$ 807,312</u>

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<i>(in thousands, except per share amounts)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue:				
Products	\$ 77,267	\$ 94,506	\$ 217,572	\$ 280,611
Services	57,880	60,766	164,340	183,913
Total revenue	135,147	155,272	381,912	464,524
Cost of sales:				
Products	49,010	58,044	150,395	166,809
Services	27,510	29,947	80,591	91,430
Total cost of sales	76,520	87,991	230,986	258,239
Gross profit	58,627	67,281	150,926	206,285
Operating expenses:				
Selling, general and administrative	59,065	58,275	167,213	195,036
Research and development	18,866	20,940	55,107	63,654
Impairment of goodwill	48,300	—	48,300	—
Total operating expenses	126,231	79,215	270,620	258,690
Loss from operations	(67,604)	(11,934)	(119,694)	(52,405)
Interest and other (expense) income, net	(2,419)	(2,818)	(7,598)	(6,774)
Loss before income taxes	(70,023)	(14,752)	(127,292)	(59,179)
Provision for income taxes	(2,866)	(2,010)	(2,472)	(5,793)
Net loss	(72,889)	(16,762)	(129,764)	(64,972)
Less: net income attributable to noncontrolling interests	—	81	—	195
Net loss attributable to 3D Systems Corporation	\$ (72,889)	\$ (16,843)	\$ (129,764)	\$ (65,167)
Net loss per share available to 3D Systems Corporation common stockholders - basic and diluted	\$ (0.61)	\$ (0.15)	\$ (1.12)	\$ (0.57)

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

<i>(in thousands, except per share amounts)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net loss	\$ (72,889)	\$ (16,762)	\$ (129,764)	\$ (64,972)
Other comprehensive income (loss), net of taxes:				
Pension adjustments	(47)	91	130	207
Derivative financial instruments	11	(798)	(413)	(798)
Foreign currency translation	11,214	(8,101)	8,079	(6,854)
Total other comprehensive income (loss), net of taxes	11,178	(8,808)	7,796	(7,445)
Total comprehensive loss, net of taxes	(61,711)	(25,570)	(121,968)	(72,417)
Comprehensive income attributable to noncontrolling interests	—	60	—	128
Comprehensive loss attributable to 3D Systems Corporation	\$ (61,711)	\$ (25,630)	\$ (121,968)	\$ (72,545)

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(in thousands)</i>	Nine Months Ended September 30,	
	2020	2019
Cash flows from operating activities:		
Net loss	\$ (129,764)	\$ (64,972)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	34,830	39,305
Stock-based compensation	16,621	19,221
Provision for inventory obsolescence and revaluation	10,894	—
Loss on hedge accounting de-designation	1,235	—
Provision for bad debts	1,039	1,152
Loss on the disposition of property, equipment and other assets	434	1,620
Provision for deferred income taxes	—	(1,346)
Impairment of goodwill and assets	54,072	1,728
Changes in operating accounts:		
Accounts receivable	12,668	12,290
Inventories	(23,987)	6,481
Prepaid expenses and other current assets	(15,376)	(3,122)
Accounts payable	(9,166)	(12,885)
Deferred revenue and customer deposits	2,714	4,491
Accrued and other current liabilities	6,309	1,199
All other operating activities	4,828	4,922
Net cash (used in) provided by operating activities	(32,649)	10,084
Cash flows from investing activities:		
Purchases of property and equipment	(11,015)	(18,265)
Proceeds from sale of assets	552	1,620
Purchase of noncontrolling interest	(12,500)	(2,500)
Other investing activities	504	(1,744)
Net cash used in investing activities	(22,459)	(20,889)
Cash flows from financing activities:		
Proceeds from revolving credit facilities	20,000	—
Payments on revolving credit facilities	(20,000)	—
Proceeds from borrowings/long-term debt	—	100,000
Repayment of borrowings/long-term debt	(26,547)	(66,013)
Proceeds from issuance of common stock	25,003	—
Proceeds from inventory financing agreements	2,509	—
Payments related to net-share settlement of stock-based compensation	(5,034)	(3,029)
Other financing activities	296	(1,125)
Net cash (used in) provided by financing activities	(3,773)	29,833
Effect of exchange rate changes on cash, cash equivalents and restricted cash	526	(1,400)
Net (decrease) increase in cash, cash equivalents and restricted cash	(58,355)	17,628
Cash, cash equivalents and restricted cash at the beginning of the period ^(a)	134,617	110,919
Cash, cash equivalents and restricted cash at the end of the period ^(a)	\$ 76,262	\$ 128,547

Supplemental cash flow information

Cash interest payments	\$ 1,836	\$ 3,020
Cash income tax payments, net	\$ 2,861	\$ 8,984
Transfer of equipment from inventory to property and equipment, net ^(b)	\$ 671	\$ 2,861

Noncash financing activity

Purchase of noncontrolling interest ^(c)	\$ —	\$ (11,000)
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(a) The amounts for cash and cash equivalents shown above include restricted cash of \$998 and \$931 as of September 30, 2020 and 2019, respectively, and \$952 and \$921 as of December 31, 2019, and 2018, respectively, which were included in Other assets, net, in the condensed consolidated balance sheets.

(b) Inventory is transferred from inventory to property and equipment at cost when we require additional machines for training or demonstration or for placement into on demand manufacturing services locations.

(c) Purchase of noncontrolling interest to be paid in installments over a four-year period recorded to Accrued and other liabilities and Other liabilities on the condensed consolidated balance sheets.

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

Quarters Ended September 30, 2020 and 2019

<i>(in thousands, except par value)</i>	Common Stock				Accumulated Other Comprehensive Income (Loss)	Total 3D Systems Corporation Stockholders' Equity	Equity Attributable to Noncontrolling Interests	Total Stockholders' Equity
	Par Value \$0.001	Additional Paid In Capital	Treasury Stock	Accumulated Deficit				
June 30, 2020	\$ 124	\$ 1,377,468	\$ (22,590)	\$ (850,584)	\$ (40,990)	\$ 463,428	\$ —	\$ 463,428
Issuance (repurchase) of stock	4	23,785	—	—	—	23,789	—	23,789
Stock-based compensation expense	—	3,012	—	—	—	3,012	—	3,012
Net income (loss)	—	—	—	(72,889)	—	(72,889)	—	(72,889)
Pension adjustment	—	—	—	—	(47)	(47)	—	(47)
Derivative financial instrument gain	—	—	—	—	11	11	—	11
Foreign currency translation adjustment	—	—	—	—	11,214	11,214	—	11,214
September 30, 2020	<u>\$ 128</u>	<u>\$ 1,404,265</u>	<u>\$ (22,590)</u>	<u>\$ (923,473)</u>	<u>\$ (29,812)</u>	<u>\$ 428,518</u>	<u>\$ —</u>	<u>\$ 428,518</u>
June 30, 2019	<u>\$ 120</u>	<u>\$ 1,361,569</u>	<u>\$ (16,519)</u>	<u>\$ (771,025)</u>	<u>\$ (37,313)</u>	<u>\$ 536,832</u>	<u>\$ (8,386)</u>	<u>\$ 528,446</u>
Issuance (repurchase) of stock	—	—	(2,082)	—	—	(2,082)	—	(2,082)
Stock-based compensation expense	—	5,629	—	—	—	5,629	—	5,629
Net income (loss)	—	—	—	(16,843)	—	(16,843)	81	(16,762)
Pension adjustment	—	—	—	—	91	91	—	91
Derivative financial instrument loss	—	—	—	—	(798)	(798)	—	(798)
Foreign currency translation adjustment	—	—	—	—	(8,080)	(8,080)	(21)	(8,101)
September 30, 2019	<u>\$ 120</u>	<u>\$ 1,367,198</u>	<u>\$ (18,601)</u>	<u>\$ (787,868)</u>	<u>\$ (46,100)</u>	<u>\$ 514,749</u>	<u>\$ (8,326)</u>	<u>\$ 506,423</u>

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(Unaudited)

Nine Months Ended September 30, 2020 and 2019

<i>(in thousands, except par value)</i>	Common Stock				Accumulated Other Comprehensive Income (Loss)	Total 3D Systems Corporation Stockholders' Equity	Equity Attributable to Noncontrolling Interests	Total Stockholders' Equity
	Par Value \$0.001	Additional Paid In Capital	Treasury Stock	Accumulated Deficit				
December 31, 2019	\$ 120	\$ 1,371,564	\$ (18,769)	\$ (793,709)	\$ (37,047)	\$ 522,159	\$ (8,263)	\$ 513,896
Issuance (repurchase) of stock	8	23,782	(3,821)	—	—	19,969	—	19,969
Acquisition of non-controlling interest	—	(7,702)	—	—	(561)	(8,263)	8,263	—
Stock-based compensation expense	—	16,621	—	—	—	16,621	—	16,621
Net income (loss)	—	—	—	(129,764)	—	(129,764)	—	(129,764)
Pension adjustment	—	—	—	—	130	130	—	130
Derivative financial instrument loss	—	—	—	—	(1,648)	(1,648)	—	(1,648)
De-designation of derivative instrument	—	—	—	—	1,235	1,235	—	1,235
Foreign currency translation adjustment	—	—	—	—	8,079	8,079	—	8,079
September 30, 2020	<u>\$ 128</u>	<u>\$ 1,404,265</u>	<u>\$ (22,590)</u>	<u>\$ (923,473)</u>	<u>\$ (29,812)</u>	<u>\$ 428,518</u>	<u>\$ —</u>	<u>\$ 428,518</u>
December 31, 2018	\$ 117	\$ 1,355,503	\$ (15,572)	\$ (722,701)	\$ (38,978)	\$ 578,369	\$ (2,382)	\$ 575,987
Issuance (repurchase) of stock	3	—	(3,029)	—	—	(3,026)	—	(3,026)
Acquisition of non-controlling interest	—	(7,526)	—	—	256	(7,270)	(6,072)	(13,342)
Stock-based compensation expense	—	19,221	—	—	—	19,221	—	19,221
Net income (loss)	—	—	—	(65,167)	—	(65,167)	195	(64,972)
Pension adjustment	—	—	—	—	207	207	—	207
Derivative financial instrument loss	—	—	—	—	(798)	(798)	—	(798)
Foreign currency translation adjustment	—	—	—	—	(6,787)	(6,787)	(67)	(6,854)
September 30, 2019	<u>\$ 120</u>	<u>\$ 1,367,198</u>	<u>\$ (18,601)</u>	<u>\$ (787,868)</u>	<u>\$ (46,100)</u>	<u>\$ 514,749</u>	<u>\$ (8,326)</u>	<u>\$ 506,423</u>

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of 3D Systems Corporation and all majority-owned subsidiaries and entities in which a controlling interest is maintained ("3D Systems" or the "Company" or "we" or "us"). All significant intercompany transactions and balances have been eliminated in consolidation. A non-controlling interest in a subsidiary is considered an ownership interest in a majority-owned subsidiary that is not attributable to the parent. We include noncontrolling interests as a component of total equity in the condensed consolidated balance sheets and the net income attributable to noncontrolling interests are presented as an adjustment from net loss used to arrive at net loss attributable to 3D Systems Corporation in the condensed consolidated statements of operations and comprehensive loss. As of March 31, 2020, there were no longer any non-controlling interests held by us.

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim reports. Accordingly, they do not include all the information and notes required by GAAP for complete financial statements and should be read in conjunction with the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 ("2019 Form 10-K"). Our annual reporting period is the calendar year.

In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments, consisting of adjustments of a normal recurring nature, necessary to present fairly the financial position, results of operations and cash flows for the periods presented. The results of operations for the quarter and nine months ended September 30, 2020 are not necessarily indicative of the results to be expected for the full year. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from those estimates and assumptions.

Our operations in North America and South America (collectively referred to as "Americas"), Europe and the Middle East (collectively referred to as "EMEA") and the Asia Pacific region ("APAC") expose us to risks associated with public health crises and epidemics/pandemics, such as the COVID-19 pandemic. While the COVID-19 pandemic has impacted the Company's reported results for the quarter and nine months ended September 30, 2020, we are unable to predict the longer-term impact that the pandemic may have on our business, results of operations, financial position or cash flows. The extent to which our operations may be impacted by the dynamic nature of the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact. Furthermore, the impacts of a potential worsening of global economic conditions and the continued disruptions to, and volatility in, the financial markets remain unknown.

As of September 30, 2020, we experienced a triggering event due to a drop in our stock price, which ultimately had been negatively impacted by the business environment as a result of the COVID-19 pandemic, and performed a quantitative analysis for potential impairment of our goodwill and long-lived asset balances. Based on available information and analysis as of September 30, 2020, we determined the carrying value of the EMEA reporting unit exceeded its fair value and recorded a non-cash goodwill impairment charge of \$48,300. We determined the fair value of the Americas and APAC reporting units exceeded their carrying values and the carrying value of our long-lived assets is recoverable for all reporting units.

Fair value was determined using a combination of an income approach, which estimates fair value based upon projections of future revenues, expenses, and cash flows discounted to its present value, and a market approach. The valuation methodology and underlying financial information included in the Company's determination of fair value required significant judgments by management. The principal assumptions used in the Company's discounted cash flow analysis consisted of (a) the long-term projections of future financial performance and (b) the weighted-average cost of capital of market participants, adjusted for the risk attributable to the Company and the industry in which it operates. Under the market approach, the principal assumption included an estimate for a control premium.

All dollar amounts presented in the accompanying footnotes are presented in thousands, except for per share information.

Recently Adopted Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, "Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), as revised in July 2018, which provides guidance regarding the measurement of credit losses for financial assets and certain other instruments that are not accounted for at fair value through net income, including trade and other receivables, debt securities, net investment in sales type and direct financing leases, and off-balance sheet credit exposures. The new guidance requires companies to replace the current incurred loss impairment methodology with a methodology that measures all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts. The Company adopted this guidance during the first quarter of 2020. The implementation did not have a material effect on our financial position or results of operations.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), which eliminates the performance of Step 2 from the goodwill impairment test. In performing its annual or interim impairment testing, an entity will instead compare the fair value of the reporting unit with its carrying amount and recognize any impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Additionally, an entity should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss. The Company adopted this guidance during the first quarter of 2020. The implementation did not have a material effect on our financial position or results of operations. We followed this guidance during our goodwill impairment analysis this quarter.

Accounting Standards Issued But Not Yet Adopted

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes," which simplifies the accounting for income taxes by eliminating some exceptions to the general approach in Accounting Standards Codification 740, Income Taxes. It also clarifies certain aspects of the existing guidance to promote more consistent application. This standard is effective for calendar-year public business entities in 2021 and interim periods within that year, and early adoption is permitted. We are currently not planning to early adopt and are in the process of evaluating the impact the new standard will have on our consolidated financial statements.

No other new accounting pronouncements, issued or effective during 2020, have had or are expected to have a significant impact on our consolidated financial statements.

(2) Revenue

We account for revenue in accordance with ASC Topic 606, "Revenue from Contracts with Customers."

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

At September 30, 2020, we had \$104,758 of outstanding performance obligations, comprised of deferred revenue, customer order backlog and customer deposits. We expect to recognize approximately 94 percent of our remaining performance obligations as revenue within the next twelve months, an additional 2 percent by the end of 2021 and the remaining balance thereafter.

Revenue Recognition

Revenue is recognized when control of the promised products or services is transferred to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Many of our contracts with customers include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative stand-alone selling price ("SSP"). Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities. The amount of consideration received and revenue recognized may vary based on changes in marketing incentive programs offered to our customers. Our marketing incentive programs take many forms, including volume discounts, trade-in allowances, rebates and other discounts.

A majority of our revenue is recognized at the point in time when products are shipped or services are delivered to customers. Please see below for further discussion.

Hardware and Materials

Revenue from hardware and material sales is recognized when control has transferred to the customer, which typically occurs when the goods have been shipped to the customer, risk of loss has transferred to the customer and we have a present right to payment. In limited circumstances, when printer or other hardware sales include substantive customer acceptance provisions, revenue is recognized either when customer acceptance has been obtained, customer acceptance provisions have lapsed, or we have objective evidence that the criteria specified in the customer acceptance provisions have been satisfied.

Printers and certain other products include a warranty under which we provide maintenance for periods up to one year. For these initial product warranties, estimated costs are accrued at the time of the sale of the product. These cost estimates are established using historical information based on the nature, frequency and average cost of claims for each type of printer or other product as well as assumptions about future activity and events. Revisions to expense accruals are made as necessary based on changes in these historical and future factors.

Software

We also market and sell software tools that enable our customers to capture and customize content using our printers, design optimization and simulation software, and reverse engineering and inspection software. Software does not require significant modification or customization and the license provides the customer with a right to use the software as it exists when made available. Revenue from these software licenses is recognized either upon delivery of the product or of a key code which allows the customer to download the software. Customers may purchase post-sale support. Generally, the first year is included but subsequent years are optional. This optional support is considered a separate obligation from the software and is deferred at the time of sale and subsequently recognized ratably over future periods.

Services

We offer training, installation and non-contract maintenance services for our products. Additionally, we offer maintenance contracts customers can purchase at their option. For maintenance contracts, revenue is deferred at the time of sale based on the stand-alone selling prices of these services and costs are expensed as incurred. Deferred revenue is recognized ratably over the term of the maintenance period on a straight-line basis. Revenue from training, installation and non-contract maintenance services is recognized at the time of performance of the service.

On demand manufacturing and healthcare service sales are included within services revenue and revenue is recognized upon shipment or delivery of the parts or performance of the service, based on the terms of the arrangement.

Terms of Sale

Shipping and handling activities are treated as fulfillment costs rather than as an additional promised service. We accrue the costs of shipping and handling when the related revenue is recognized. Our incurred costs associated with shipping and handling are included in product cost of sales.

Credit is extended, and creditworthiness is determined, based on an evaluation of each customer's financial condition. New customers are generally required to complete a credit application and provide references and bank information to facilitate an analysis of creditworthiness. Customers with a favorable profile may receive credit terms that differ from our general credit terms. Creditworthiness is considered, among other things, in evaluating our relationship with customers with past due balances.

Our terms of sale generally provide payment terms that are customary in the countries where we transact business. To reduce credit risk in connection with certain sales, we may, depending upon the circumstances, require significant deposits or payment in full prior to shipment. For maintenance services, we either bill customers on a time-and-materials basis or sell maintenance contracts that provide for payment in advance on either an annual or other periodic basis.

Significant Judgments

Our contracts with customers often include promises to transfer multiple products and services to a customer. For such arrangements, we allocate revenues to each performance obligation based on its relative SSP.

Judgment is required to determine the SSP for each distinct performance obligation in a contract. For the majority of items, we estimate SSP using historical transaction data. We use a range of amounts to estimate SSP when we sell each of the products and services separately and need to determine whether there is a discount to be allocated based on the relative SSP of the various products and services. In instances where SSP is not directly observable, such as when the product or service is not sold separately, we determine the SSP using information that may include market conditions and other observable inputs.

In some circumstances, we have more than one SSP for individual products and services due to the stratification of those products and services by customers, geographic region or other factors. In these instances, we may use information such as the size of the customer and geographic region in determining the SSP.

The determination of SSP is an ongoing process and information is reviewed regularly in order to ensure SSP reflects the most current information or trends.

The nature of our marketing incentives may lead to consideration that is variable. Judgment is exercised at contract inception to determine the most likely outcome of the contract and resulting transaction price. Ongoing assessments are performed to determine if updates are needed to the original estimates.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer deposits and deferred revenues (contract liabilities) on the condensed consolidated balance sheets. Timing of revenue recognition may differ from the timing of invoicing to customers. We record a receivable when revenue is recognized at the time of invoicing, or unbilled receivables when revenue is recognized prior to invoicing. For most of our contracts, customers are invoiced when products are shipped or when services are performed resulting in billed accounts receivables for the remainder of the owed contract price. Unbilled receivables generally result from items being shipped where the customer has not been charged, but for which revenue had been recognized. In our on demand manufacturing business, customers may be required to pay in full before work begins on their orders, resulting in customer deposits. We typically bill in advance for installation, training and maintenance contracts as well as extended warranties, resulting in deferred revenue. Changes in contract asset and liability balances were not materially impacted by any other factors for the period ended September 30, 2020.

Through September 30, 2020, we recognized revenue of \$27,041 related to our contract liabilities at December 31, 2019.

Practical Expedients and Exemptions

We generally expense sales commissions when incurred because the amortization period would be one year or less. These costs are recorded within selling, general and administrative expenses.

(3) Leases

We have various lease agreements for our facilities, equipment and vehicles with remaining lease terms ranging from one to sixteen years. We determine if an arrangement contains a lease at inception. Some leases include the options to purchase, terminate or extend for one or more years; these options are included in the right-of-use ("ROU") asset and liability lease term when it is reasonably certain an option will be exercised. Our leases do not contain any material residual value guarantees or material restrictive covenants.

Most of our leases do not provide an implicit rate, therefore we use our incremental borrowing rate based on the information available at the commencement date to determine the present value of the future lease payments.

Certain of our leases include variable costs. Variable costs include non-lease components that were incurred based upon actual terms rather than contractually fixed amounts. In addition, variable costs are incurred for lease payments that are indexed to a change in rate or index. Because the ROU asset recorded on the balance sheet was determined based upon factors considered at the commencement date, subsequent changes in the rate or index that were not contemplated in the ROU asset balances recorded on the balance sheet result in variable expenses being incurred when paid during the lease term.

Components of lease cost (income) were as follows:

<i>(in thousands)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating lease cost	\$ 3,014	\$ 3,646	\$ 9,020	\$ 11,110
Loss due to remeasurement	1,627	—	1,627	—
Finance lease cost - amortization expense	241	174	681	592
Finance lease cost - interest expense	167	114	495	344
Short-term lease cost	52	30	105	80
Variable lease cost	205	102	498	137
Sublease income	(155)	(33)	(459)	(33)
Total	<u>\$ 5,151</u>	<u>\$ 4,033</u>	<u>\$ 11,967</u>	<u>\$ 12,230</u>

Balance sheet classifications at September 30, 2020 and December 31, 2019 are summarized below:

<i>(in thousands)</i>	2020			2019		
	Right of use assets	Current right of use liabilities	Long-term right of use liabilities	Right of use assets	Current right of use liabilities	Long-term right of use liabilities
Operating Leases	\$ 36,391	\$ 8,463	\$ 34,398	\$ 28,571	\$ 9,231	\$ 24,835
Finance Leases	7,975	968	10,123	8,319	338	10,567
Total	<u>\$ 44,366</u>	<u>\$ 9,431</u>	<u>\$ 44,521</u>	<u>\$ 36,890</u>	<u>\$ 9,569</u>	<u>\$ 35,402</u>

On September 1, 2020, we closed two facilities in connection with our restructuring plan. These facilities occupied leased office space that terminates in 2024. In conjunction with these closings, we recorded impairment charges totaling \$1,627 related to our ROU assets and impairment charges totaling \$1,953 related to leasehold improvements.

Our future minimum lease payments as of September 30, 2020 under operating lease and finance leases, with initial or remaining lease terms in excess of one year, were as follows:

<i>(in thousands)</i>	September 30, 2020	
	Operating Leases	Finance Leases
Years ending September 30:		
2021	\$ 10,640	\$ 1,671
2022	8,846	1,630
2023	7,162	1,622
2024	6,308	1,534
2025	4,552	1,427
Thereafter	15,511	6,881
Total lease payments	53,019	14,765
Less: imputed interest	(10,158)	(3,674)
Present value of lease liabilities	<u>\$ 42,861</u>	<u>\$ 11,091</u>

Supplemental cash flow information related to our operating leases for the periods ending September 30, 2020 and September 30, 2019 were as follows:

<i>(in thousands)</i>	September 30, 2020	September 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflow from operating leases	\$ 9,654	\$ 11,657
Operating cash outflow from finance leases	\$ 493	\$ 343
Financing cash outflow from finance leases	\$ 186	\$ 513

Weighted-average remaining lease terms and discount rate for our operating leases for the period ending September 30, 2020, were as follows:

	September 30, 2020	
	Operating	Financing
Weighted-average remaining lease term	6.1 years	9.8 years
Weighted-average discount rate	6.26 %	5.97 %

(4) Inventories

Components of inventories at September 30, 2020 and December 31, 2019 are summarized as follows:

(in thousands)	September 30, 2020	December 31, 2019
Raw materials	\$ 40,371	\$ 42,066
Work in process	8,584	5,496
Finished goods and parts	77,927	63,544
Inventories	<u>\$ 126,882</u>	<u>\$ 111,106</u>

We record a reserve to the carrying value of our inventory to reflect the rapid technological change in our industry that impacts the market for our products. The inventory reserve was \$18,222 and \$12,812 as of September 30, 2020 and December 31, 2019, respectively.

In June 2020, as part of our assessment of prospective sales and evaluation of inventory, we determined the end-of-life for certain product lines. The end-of-life determination for these products reflects management's plans to focus our resources that are better aligned with our new strategic focus, as further discussed in Note 15. As a result, for the nine months ended September 30, 2020, we recorded a charge of \$10,894 to products costs of sales, primarily attributable to inventory, accessories and inventory commitments for these products. We have ceased production for these items.

(5) Intangible Assets

Intangible assets, net, other than goodwill, at September 30, 2020 and December 31, 2019 are summarized as follows:

(in thousands)	2020			2019			Weighted Average Useful Life Remaining (in years)
	Gross ^(a)	Accumulated Amortization	Net	Gross ^(a)	Accumulated Amortization	Net	
Intangible assets with finite lives:							
Customer relationships	\$ 106,098	\$ (86,068)	\$ 20,030	\$ 103,661	\$ (77,021)	\$ 26,640	4
Acquired technology	54,795	(53,329)	1,466	54,378	(51,875)	2,503	1
Trade names	23,754	(20,224)	3,530	23,907	(19,133)	4,774	4
Patent costs	19,112	(10,345)	8,767	11,760	(9,535)	2,225	15
Trade secrets	19,857	(17,535)	2,322	19,494	(15,714)	3,780	2
Acquired patents	16,266	(15,498)	768	16,215	(14,706)	1,509	7
Other	19,707	(19,702)	5	26,256	(19,349)	6,907	1
Total intangible assets	<u>\$ 259,589</u>	<u>\$ (222,701)</u>	<u>\$ 36,888</u>	<u>\$ 255,671</u>	<u>\$ (207,333)</u>	<u>\$ 48,338</u>	5

^(a) Change in gross carrying amounts consists primarily of charges for license and patent costs and foreign currency translation.

Amortization expense related to intangible assets was \$4,260 and \$12,806 for the quarter and nine months ended September 30, 2020, respectively, compared to \$5,287 and \$16,525 for the quarter and nine months ended September 30, 2019, respectively.

(6) Accrued and Other Liabilities

Accrued liabilities at September 30, 2020 and December 31, 2019 are summarized as follows:

<i>(in thousands)</i>	2020	2019
Compensation and benefits	\$ 27,148	\$ 21,139
Vendor accruals	11,466	9,734
Accrued taxes	14,927	9,840
Accrued other	7,146	4,223
Product warranty liability	2,142	2,908
Arbitration awards	—	2,256
Accrued professional fees	2,700	1,545
Royalties payable	1,220	1,450
Payable to owners of redeemable noncontrolling interests	—	10,000
Total	<u>\$ 66,749</u>	<u>\$ 63,095</u>

Other liabilities at September 30, 2020 and December 31, 2019 are summarized as follows:

<i>(in thousands)</i>	2020	2019
Long-term employee indemnity	\$ 13,846	\$ 14,408
Long-term tax liability	10,999	5,011
Defined benefit pension obligation	10,770	10,357
Long-term deferred revenue	5,986	7,370
Other long-term liabilities	7,289	8,662
Total	<u>\$ 48,890</u>	<u>\$ 45,808</u>

(7) Borrowings

Credit Facility

We hold a 5-year \$100,000 senior secured term loan facility (the “Term Facility”) and a 5-year \$100,000 senior secured revolving credit facility (the “Revolving Facility”) and, together with the Term Facility, the “Senior Credit Facility”) to support working capital and general corporate purposes. The Senior Credit Facility is guaranteed by certain of our subsidiaries. The guarantors guarantee, among other things, all our obligations and each other guarantor's obligations under the Senior Credit Facility. From time to time, we may be required to cause additional domestic subsidiaries to become guarantors under the Senior Credit Facility. The Senior Credit Facility is scheduled to mature on February 26, 2024, at which time all amounts outstanding thereunder will be due and payable. However, the maturity date of the Revolving Facility may be extended at our election with the consent of the lenders subject to the terms set forth in the Senior Credit Facility. The Senior Credit Facility contains customary covenants, some of which require us to maintain certain financial ratios that determine the amounts available and terms of borrowings and events of default. We were in compliance with all covenants at September 30, 2020.

The payment of dividends on our common stock is restricted under provisions of the Senior Credit Facility, which limits the amount of cash dividends that we may pay in any one fiscal year to \$30,000. We currently do not pay, and have not paid, any dividends on our common stock, and currently intend to retain any future earnings for use in our business.

Borrowings under the Senior Credit Facility are subject to interest at varying spreads above quoted market rates and a commitment fee is paid on the total unused commitment. At September 30, 2020, our floating interest rate was 1.9%. Subject to certain terms and conditions contained in the Revolving Facility, we have the right to request up to four increases to the amount of the Revolving Facility in an aggregate amount not to exceed \$100,000. As of September 30, 2020, there was \$10,000 of outstanding letters of credit and \$30,601 of available borrowings under the Revolving Facility.

We had a balance of \$21,685 outstanding on the Term Facility at September 30, 2020, with \$1,758 in principal payments due in the next twelve months.

As a result of the Term Facility, we have exposure to floating interest rates. To manage interest expense, we entered into a floating to fixed interest rate swap to reduce exposure to changes in floating interest rates on the Term Facility. The interest rate swap at September 30, 2020 had a notional value of \$15,000 and will expire on February 26, 2024, concurrent with the Term Facility. The notional value will decline over the term of the interest rate swap as amortization payments reduce the principal amount of the Term Facility. As a result of the interest rate swap, the percentage of total principal debt (excluding capital leases) that is subject to floating interest rates is approximately 31%. Due to an amendment to the swap on June 30, 2020, the swap is no longer designated as a cash flow hedge for accounting treatment purposes. See Note 8 for additional information.

On October 9, 2020, we amended the Senior Credit Facility eliminating the \$50,000 cap on the sale, transfer or lease of assets, in one or more transactions in any fiscal year, while the \$200,000 cap during the life of the agreement remained intact. In addition we modified the terms of LIBOR replacement when that benchmark is no longer available.

(8) Hedging Activities and Financial Instruments

Interest Rate Swap Contract

On July 8, 2019, we entered into a \$50,000 interest rate swap contract, designated as a cash flow hedge, to minimize the risk associated with the variability of cash flows in interest payments from variable-rate debt due to fluctuations in the one-month USD-LIBOR, subject to a 0% floor, through February 26, 2024. Changes in the interest rate swap are expected to offset the changes in cash flows attributable to fluctuations of the one-month USD-LIBOR for the interest payments associated with our variable-rate debt.

On June 30, 2020, we executed an amendment to the swap which reduced the notional amount to \$15,000 and resulted in the de-designation as a cash flow hedge. The reduction required a mark-to-market settlement of \$1,253 paid in July 2020. Amounts previously recognized in Accumulated Other Comprehensive Loss ("AOCL") of \$1,235 were released and reclassified into "Interest and other expense, net" on the accompanying condensed consolidated statements of operations and comprehensive loss for the nine months ended September 30, 2020. Subsequent to June 2020, changes in the swap's fair value are recognized currently in earnings and included in the line item "Interest and other expense, net" and the remaining \$731 in AOCL as of September 30, 2020 will be amortized to "Interest and other expense, net" when those future cash flows are expected to occur.

The notional amount and fair value of the derivative on our balance sheet at September 30, 2020 and December 31, 2019 were as follows:

<i>(in thousands)</i>	Balance Sheet location	Notional amount	Fair value
September 30, 2020			
Interest rate swap contract	Other liabilities	\$ 15,000	\$ (774)
December 31, 2019			
Interest rate swap contract	Other liabilities	\$ 40,000	\$ (318)

Except as noted above, amounts released from AOCL and reclassified into "Interest and other expense, net" did not have a material impact on our condensed consolidated statements of operations and comprehensive loss for the quarters and nine months ended September 30, 2020 and 2019. The net amount of AOCL expected to be reclassified to losses in the next 12 months is approximately \$59.

Foreign Currency Contracts

We conduct business in various countries using both the functional currencies of those countries and other currencies to effect cross border transactions. As a result, we are subject to the risk that fluctuations in foreign exchange rates between the dates that those transactions are entered into and their respective settlement dates will result in a foreign exchange gain or loss. When practicable, we endeavor to match assets and liabilities in the same currency on our balance sheet and those of our subsidiaries in order to reduce these risks. When appropriate, we enter into foreign currency contracts to hedge exposures arising from those transactions. We have elected not to prepare and maintain the documentation to qualify for hedge accounting treatment under ASC 815, "Derivatives and Hedging," and therefore, all gains and losses (realized or unrealized) are recognized in "Interest and other expense, net" in the condensed consolidated statements of operations and comprehensive loss. Depending on their fair value at the end of the reporting period, derivatives are recorded either in prepaid expenses and other current assets or in accrued liabilities on the condensed consolidated balance sheets.

We had \$98,965 and \$102,407 in notional foreign exchange contracts outstanding as of September 30, 2020 and December 31, 2019, respectively. The fair values of these contracts were not material.

We translate foreign currency balance sheets from each international businesses' functional currency (generally the respective local currency) to U.S. dollars at end-of-period exchange rates, and statements of earnings at average exchange rates for each period. The resulting foreign currency translation adjustments are a component of other comprehensive income (loss). We do not hedge the fluctuation in reported revenue and earnings resulting from the translation of these international operations' results into U.S. dollars.

(9) Inventory Financing Agreements

On December 1, 2018 and January 17, 2020, we entered into a Manufacturing Services Agreement and Amendment One to Manufacturing Services Agreement (together, the "Agreement"), with an assembling manufacturer to produce products on behalf of 3D Systems Corporation. During the quarter ended March 31, 2020, as part of the Agreement, we sold \$12,100 of inventory to the assembling manufacturer that we have an obligation to repurchase. At September 30, 2020, our obligation to repurchase inventory, included in "Accrued and other liabilities" on our condensed consolidated balance sheets, was \$712, relating to the initial sale of inventory to the assembly manufacturer and adjusted for transactions. The inventory sold consisted of raw materials, packaging materials and consumables representing stock on hand related to certain product families for which the manufacturing has been outsourced to the assembling manufacturer. Although the assembling manufacturer holds legal title, we account for the inventory similar to a product financing arrangement; therefore, the inventories sold to the assembling manufacturer will continue to be included in "Inventories" on our condensed consolidated balance sheets until processed into finished goods and sold back to us. At September 30, 2020, inventory held at assemblers was \$4,270.

Additionally, as part of the Agreement, we have a commitment to purchase certain materials and supplies that the assembling manufacturer purchased from third parties. At September 30, 2020, we had a commitment of \$3,004 with the assembling manufacturer.

(10) Net Loss Per Share

We compute basic loss per share using net loss attributable to 3D Systems Corporation and the weighted average number of common shares outstanding during the applicable period. Diluted loss per share incorporates the additional shares issuable upon assumed exercise of stock options and the release of restricted stock and restricted stock units, except in such case when their inclusion would be anti-dilutive.

<i>(in thousands, except per share amounts)</i>	<u>Quarter Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Numerator for basic and diluted net loss per share:				
Net loss attributable to 3D Systems Corporation	\$ (72,889)	\$ (16,843)	\$ (129,764)	\$ (65,167)
Denominator for basic and diluted net loss per share:				
Weighted average shares	118,527	114,053	116,216	113,587
Net loss per share - basic and diluted	<u>\$ (0.61)</u>	<u>\$ (0.15)</u>	<u>\$ (1.12)</u>	<u>\$ (0.57)</u>

On August 5, 2020, we entered into an Equity Distribution Agreement for an At-The-Market equity offering program ("ATM Program") where we may issue and sell, from time to time, shares of our common stock. Our ATM Program allows for an aggregate gross sales price of up to a total of \$150,000, depending upon market conditions and our liquidity requirements, through Truist Securities, Inc. and HSBC Securities (USA) Inc. For the three months ended September 30, 2020, we sold 4,616 shares of our common stock under our ATM Program for net proceeds of \$24,965, net of \$548 in fees, commissions and other costs. As of September 30, 2020, we had \$124,487 in availability remaining under the ATM Program.

For the quarters and nine months ended September 30, 2020 and 2019, the effect of dilutive securities, including non-vested stock options and restricted stock awards/units, was excluded from the denominator for the calculation of diluted net loss per share because we recognized a net loss for the period and their inclusion would be anti-dilutive. Dilutive securities excluded for the quarter and nine months ended September 30, 2020 were 4,453 compared to 5,786 for the quarter and nine months ended September 30, 2019, respectively.

(11) Fair Value Measurements

ASC 820, “Fair Value Measurements and Disclosures,” defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The above standard applies to cash equivalents, Israeli severance funds and derivatives. We utilize the market approach to measure fair value for financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

<i>(in thousands)</i>	Fair Value Measurements as of September 30, 2020		
	Level 1	Level 2	Total
Description			
Cash equivalents ^(a)	\$ 196	\$ —	\$ 196
Israeli severance funds ^(b)	\$ —	\$ 7,455	\$ 7,455
Derivative financial instruments ^(c)	\$ —	\$ (774)	\$ (774)

<i>(in thousands)</i>	Fair Value Measurements as of December 31, 2019		
	Level 1	Level 2	Total
Description			
Cash equivalents ^(a)	\$ 20,869	\$ —	\$ 20,869
Israeli severance funds ^(b)	\$ —	\$ 7,449	\$ 7,449
Derivative financial instruments ^(c)	\$ —	\$ (318)	\$ (318)

- (a) Cash equivalents include funds held in money market instruments and are reported at their current carrying value, which approximates fair value due to the short-term nature of these instruments and are included in cash and cash equivalents in the consolidated balance sheet.
- (b) We partially fund a liability for our Israeli severance requirement through monthly deposits into fund accounts, the value of these contributions is recorded to non-current assets on the consolidated balance sheet.
- (c) Derivative instruments are reported based on published market prices for similar assets or are estimated based on published market prices for similar assets or are estimated based on observable inputs such as interest rates, yield curves, credit risks, spot and future commodity prices and spot and future exchange rates. See Note 8 for additional information on our derivative financial instruments.

We did not have any transfers of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value measurement hierarchy during the quarter and nine months ended September 30, 2020.

In addition to the assets and liabilities included in the above table, certain of our assets and liabilities are to be initially measured at fair value on a non-recurring basis. This includes goodwill and other intangible assets measured at fair value for impairment assessment, in addition to redeemable noncontrolling interests. For additional discussion, refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Significant Estimates” in the 2019 Form 10-K.

(12) Income Taxes

We maintain the exception under ASC 740-270-30-36(b), "*Accounting for Income Taxes*", for jurisdictions that do not have reliable estimates of ordinary income due to the volatility in the industry. Based on the increased global financial uncertainty due to the COVID-19 pandemic and continued volatility in the industry, we have continued to use a year-to-date methodology in determining the quarterly effective tax rate for the quarter and nine months ended September 30, 2020.

For the quarter and nine months ended September 30, 2020, the Company's effective tax rate was (4.1)% and (1.9)%, respectively. For the quarter and nine months ended September 30, 2019, the Company's effective tax rate was (13.6)% and (9.8)%, respectively. The difference between the statutory tax rate and the effective tax rate for the quarter and nine months ended September 30, 2020 is comprised of the foreign rate differential between the U.S. tax rate and foreign tax rates, impairment of non-deductible goodwill, and the change in U.S. tax law allowing for the carryback of certain U.S. net operating losses ("NOLs") as explained in the subsequent paragraph, and the presence of a full valuation allowance in various jurisdictions. The effective tax rate for the quarter and nine months ended September 30, 2019 differs from the statutory tax rate due to withholding tax expense, reduction of a liability for uncertain tax positions, the foreign rate differential between the U.S. tax rate and foreign tax rates, and the presence of a full valuation allowance in various jurisdictions.

In response to the global pandemic resulting from COVID-19, the U.S. government enacted tax legislation on March 27, 2020 under the Coronavirus Aid Relief, and Economic Security Act ("CARES Act"). This legislation allows us to carryback NOLs generated in the 2018 and 2019 tax years up to five years. A tax receivable was recorded during the first quarter for the anticipated carryback in the amount of \$8.9 million. We also recorded the associated tax benefit of \$3.2 million, which is net of recorded uncertain tax positions of \$5.7 million. During the second quarter, these NOLs were carried back to the 2013 and 2014 tax years and a refund was requested for cash taxes paid. As of the close of the third quarter, approximately \$2.5 million has been received by the Company thus far.

(13) Commitments and Contingencies

We have an inventory purchase commitment with an assembling manufacturer, see Note 9.

Litigation

Ronald Barranco and Print3D Corporation v. 3D Systems Corporation, et. al.

On August 23, 2013, Ronald Barranco, a former Company employee, filed two lawsuits against us and certain of our officers in the United States District Court for the District of Hawaii. The first lawsuit ("Barranco I") is captioned Ronald Barranco and Print3D Corporation v. 3D Systems Corporation, 3D Systems, Inc., and Damon Gregoire, Case No. CV 13-411 LEK RLP, and alleges seven causes of action relating to our acquisition of Print3D Corporation (of which Mr. Barranco was a 50% shareholder) and our subsequent employment of Mr. Barranco. The second lawsuit ("Barranco II") is captioned Ronald Barranco v. 3D Systems Corporation, 3D Systems, Inc., Abraham Reichental, and Damon Gregoire, Case No. CV 13-412 LEK RLP, and alleges the same seven causes of action relating to our acquisition of certain website domains from Mr. Barranco and our subsequent employment of Mr. Barranco. Both Barranco I and Barranco II allege we breached certain purchase agreements in order to avoid paying Mr. Barranco additional monies pursuant to royalty and earn out provisions in the agreements.

With regard to Barranco I, the Hawaii district court, on February 28, 2014, denied our motion to dismiss and our motion to transfer venue to South Carolina for the convenience of the parties. However, the Hawaii court recognized that Barranco's claims were all subject to mandatory and binding arbitration in Charlotte, North Carolina. The parties selected an arbitrator and arbitration took place in September 2015 in Charlotte, North Carolina.

On September 28, 2015, the arbitrator issued a final award in favor of Barranco with respect to two alleged breaches of contract and implied covenants arising out of the contract. The arbitrator found that we did not commit fraud or make any negligent misrepresentations to Barranco. Pursuant to the award, we were directed to pay approximately \$11,282, which includes alleged actual damages of \$7,254, fees and expenses of \$2,318 and prejudgment interest of \$1,710.

On August 3, 2018, following an unsuccessful appeal to the federal court in the Western District of North Carolina and the United States Court of Appeals for the Fourth Circuit, we paid \$9,127 of the Barranco I judgment, net setoff. On September 28, 2018, the parties filed a Consent Stipulation Resolving Motion for Setoff of Judgment, stipulating that subject only to vacatur or amendment reducing the Barranco II judgment in Barranco's appeal to the Ninth Circuit related to the Barranco II action discussed below, the Barranco II judgment in the amount of \$2,182 was setoff against the Barranco I judgment ("Stipulated Setoff"). We paid Barranco the \$101 balance remaining due after the Stipulated Setoff.

With regard to Barranco II, the case was tried to a jury in Hawaii district court in May 2016, and on May 27, 2016 the jury found that we were not liable for either breach of contract or breach of the implied covenant of good faith and fair dealing. Additionally, the jury found in our favor on our counterclaim against Barranco and determined that Barranco violated his non-competition covenant with us. On March 30, 2018, the court entered Findings of Fact and Conclusions of Law and Order requiring Barranco to disgorge, and us recover, \$523, representing all but four months of the full amount paid to Barranco as salary during his employment with us as well as a portion of the up front and buyout payments made to Barranco in connection with the purchase of certain web domains. In addition, the court ordered Barranco to pay pre-judgment interest to us to be calculated beginning as of his first breach of the non-competition covenant in August 2011. Judgment was entered thereafter on April 2, 2018.

On September 13, 2018, the Hawaii district court entered its Amended Judgment in a Civil Case, awarding us a final amended judgment of \$2,182. On September 19, 2018, Barranco filed an Amended Notice of Appeal. On January 13, 2019, Barranco filed Appellant's Opening Brief in the Ninth Circuit. On March 15, 2019, we filed our Answering Brief. On April 14, 2019, Barranco filed his Reply Brief. Oral Arguments took place on October 24, 2019. On March 12, 2020, the Ninth Circuit affirmed the district court's evidentiary rulings and reversed and vacated the monetary judgment in our favor on our breach of contract counterclaim. The formal mandate was issued on April 17, 2020. On April 20, Barranco filed a Motion to Recall and Amend Mandate to Conform with Rule 37(b) in the Ninth Circuit. We filed an opposition brief on April 28 and the Ninth Circuit denied Barranco's motion the same day. On April 21, 2020, the district court issued a Minute Order regarding issues on remand from the Ninth Circuit. The district court directed the parties to file simultaneous initial briefs on May 21 addressing what relief we are entitled to receive in light of the Ninth Circuit's opinion. Both parties filed responsive briefs in June 2020. On August 31, 2020, the Court issued its decision regarding post-remand issues, which determined that no further proceedings were warranted on remand and ordered the case closed. Thereafter, the parties agreed to resolve the matter and reconcile the amount setoff for the Amended Judgment to reflect the award vacated by the Ninth Circuit and to resolve any and all remaining claims between the parties. The Court entered the Stipulation of Dismissal With Prejudice of All Claims Against All Parties on October 22, 2020 and closed the case.

Export Controls and Government Contracts Compliance Matter

In October 2017, we received an administrative subpoena from the Bureau of Industry and Security of the Department of Commerce ("BIS") requesting the production of records in connection with possible violations of U.S. export control laws, including with regard to our Quickparts.com, Inc. subsidiary. In addition, while collecting information responsive to the above-referenced subpoena, our internal investigation identified potential violations of the International Traffic in Arms Regulations ("ITAR") administered by the Directorate of Defense Trade Controls of the Department of State ("DDTC") and potential violations of the Export Administration Regulations administered by the BIS.

On June 8, 2018 and thereafter, we submitted voluntary disclosures to BIS and DDTC identifying numerous potentially unauthorized exports of technical data. As part of our ongoing review of trade compliance risks and our cooperation with the government, on November 20, 2019, we submitted to the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") an initial notice of voluntary disclosure regarding potential violations of economic sanctions related to Iran. We continued to investigate this issue and filed a final disclosure with OFAC on May 20, 2020. We have and will continue to implement compliance enhancements to our export controls, trade sanctions, and government contracting compliance program to address the issues identified through our ongoing internal investigation and will cooperate with DDTC and BIS, as well as the U.S. Departments of Justice, Defense, Homeland Security and Treasury in their ongoing reviews of these matters. In connection with these ongoing reviews, in August 2020, the Company received two federal grand jury subpoenas issued by the U.S. District Court for the Northern District of Texas. The Company responded to these two subpoenas and will continue to fully cooperate with the U.S. Department of Justice in the related investigation.

In addition, on July 19, 2019, we received a notice of immediate suspension of federal contracting from the United States Air Force, pending the outcome of an ongoing investigation. The suspension applied to 3D Systems, its subsidiaries and affiliates, and was related to the potential export controls violations involving our On Demand manufacturing business described above. Under the suspension, we were generally prohibited from receiving new federal government contracts or subcontracts from any executive branch agency as described in the provisions of 48 C.F.R Subpart 9.4 of the Federal Acquisition Regulation. The suspension allowed us to continue to perform current federal contracts, and also to receive awards of new subcontracts for items under \$35 and for items considered commercially available off-the-shelf items. The Air Force lifted the suspension on September 6, 2019 following the execution of a two-year Administrative Agreement with us. We are now eligible to obtain and perform U.S. government contracts and subcontracts without restrictions. Under the Administrative Agreement, we will be monitored and evaluated by independent monitors who will report to the Air Force on our compliance with the terms of the Company's Ethics & Compliance Program, including its overall culture, government contracting compliance program, and export controls compliance program.

Although we cannot predict the ultimate resolution of these matters, we have incurred and expect to continue to incur significant legal costs and other expenses in connection with responding to the U.S. government agencies.

Other

We are involved in various other legal matters incidental to our business. Although we cannot predict the results of the litigation with certainty, we believe that the disposition of all these various other legal matters will not have a material adverse effect, individually or in the aggregate, on our consolidated results of operations, consolidated cash flows or consolidated financial position.

(14) Noncontrolling Interests

As of September 30, 2020, we owned 100% of the capital and voting rights of Robtec, a service bureau and distributor of 3D printing and scanning products in Brazil. Approximately 70% of the capital and voting rights of Robtec were acquired on November 25, 2014. On January 7, 2020, we made a payment equal to the redemption price of \$10,000 and acquired the remaining 30% of the capital and voting rights.

(15) Restructuring and Exit Activity Costs

On August 5, 2020, we announced, in connection with the new strategic focus and organizational realignment, a restructuring plan intended to align our operating costs with current revenue levels and better position the Company for future sustainable and profitable growth. The restructuring plan includes a reduction of nearly 20% of our workforce, with the majority of the workforce reduction expected to be completed by December 31, 2020. We expect that the restructuring plan, in conjunction with other cost reduction measures, will reduce our annualized costs by approximately \$100,000 by the end of December 31, 2021. Cost reduction efforts include reducing the number of facilities and examining every aspect of our manufacturing and operating costs. We will incur cash charges for severance, facility closing and other costs, primarily in the second half of this year. We may incur additional charges in 2021 as we finalize all the actions to be taken. Non-cash charges related to these actions are expected to be \$7,600 and are included in facility closing costs. We are also evaluating the divestiture of parts of the business that do not align with this strategic focus. See Note 16.

In connection with the restructuring plan, we recorded pre-tax costs during the quarter and nine months ended September 30, 2020, included within Selling, general and administrative in the condensed consolidated income statement, and expect to incur total costs as follows:

	Total Costs Expected to be Incurred	Costs Incurred during quarter and nine months ended September 30, 2020
Severance, termination benefits and other employee costs	\$ 21,100	\$ 8,237
Facility closing costs	7,600	3,621
Other costs	3,700	—
Total	\$ 32,400	\$ 11,858

The liabilities at September 30, 2020 related to these costs were principally recorded in accrued expenses in the condensed consolidated balance sheets and were as follows:

	Liability at December 31, 2019	Costs Incurred during 2020	Costs Paid During 2020	Non-cash adjustments	Liability at September 30, 2020
Severance, termination benefits and other employee costs	\$ —	\$ 8,237	\$ (3,699)	\$ —	\$ 4,538
Facility closing costs	—	3,621	—	(3,621)	—
Other costs	—	—	—	—	—
Total	<u>\$ —</u>	<u>\$ 11,858</u>	<u>\$ (3,699)</u>	<u>\$ (3,621)</u>	<u>\$ 4,538</u>

(16) Subsequent Events

For information on subsequent events related to borrowings, see Note 7.

On November 2, 2020 we entered into an agreement with ST Acquisition Co., an affiliate of Battery Ventures, to sell 100% of the equity interests of Cimatron Ltd., the subsidiary that operates our Cimatron integrated CAD/CAM software for tooling business and its GibbsCAM CNC programming software business, for an aggregate transaction value of approximately \$65,000. This transaction is expected to close during the fourth quarter of 2020, contingent upon satisfaction of customary closing conditions.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read together with the unaudited condensed consolidated financial statements and the notes thereto included in Item 1 (the “Financial Statements”) of this Quarterly Report on Form 10-Q (“Form 10-Q”). Also, we are subject to a number of risks and uncertainties that may affect our future performance that are discussed in greater detail in the sections entitled “Forward-Looking Statements” at the end of this Item 2 and that are discussed or referred to in Item 1A of Part II of this Form 10-Q.

Business Overview

3D Systems Corporation (“3D Systems” or the “Company” or “we” or “us”) is a holding company incorporated in Delaware in 1993 that markets our products and services through subsidiaries in North America and South America (collectively referred to as “Americas”), Europe and the Middle East (collectively referred to as “EMEA”) and the Asia Pacific region (“APAC”). We provide comprehensive additive manufacturing solutions for applications in growing markets that demand high reliability products. Our solutions support markets and applications where a premium is placed upon performance and reliability, with engineering and technology cultures that seek product innovation as a means of delivering value to their customers, and with processes that tend to be highly controlled. Through our two key market verticals of Healthcare and Industrials, we offer hardware, software, materials and services, combined with leadership in application knowledge to provide additive manufacturing solutions for specific, high-value applications in growing markets like healthcare, aerospace, automotive and defense. Our precision healthcare capabilities include simulation; Virtual Surgical Planning (VSP®) (“VSP”); and printing of medical and dental devices, models, and surgical guides and instruments. We have over 30 years of experience and expertise which have proven vital to our development of end-to-end digital workflow solutions that enable customers to optimize product designs, transform workflows, bring innovative products to market, and drive new business models.

As of September 30, 2020, we experienced a triggering event due to a drop in our stock price, which ultimately had been negatively impacted by the business environment as a result of the COVID-19 pandemic, and performed a quantitative analysis for potential impairment of our goodwill or long-lived asset balances. Based on available information and analysis as of September 30, 2020, we determined the carrying value of the EMEA reporting unit exceeded its fair value and recorded a non-cash goodwill impairment charge of \$48.3 million. We determined the fair value of the Americas and APAC reporting units exceeded their carrying values and the carrying value of our long-lived assets is recoverable for all reporting units. See Note 1 for additional discussion.

COVID-19 Pandemic Response

As we continue to closely monitor the COVID-19 pandemic, our top priority remains the health and safety of our employees and their families and communities. Our Crisis Response Steering Committee regularly reviews and adapts our protocols based on evolving research and guidance related to the virus. While essential operations continue, we have restricted travel and meetings, published pertinent information, and adapted to a world where many in our workforce are remote and those coming on-site are following new safety measures. We have a multi-phase plan to return to working on-site, and remain committed to protecting our employees, delivering for our customers and supporting our communities.

Our Employees

Since the start of the pandemic, employees who are necessary to our facilities’ operations have continued to work on-site. The additional safety measures and practices we put in place during the first quarter of 2020 to protect these employees, including maintaining physical distancing, utilizing enhanced cleaning protocols and usage of personal protective equipment, continue to be implemented subject to each location’s return on-site processes. Our plan for returning the remainder of our workforce to work on-site involves multiple phases that gradually allow additional workers to return while practicing social distancing and other safety measures. This plan considers the varying needs of each location and site and depends on local government regulations, community case trends, and recommendations from public health organizations.

Our New Strategic Focus, Restructuring and Liquidity

While no company is immune to global economic challenges, our business portfolio is well-balanced across end markets and geographies and includes a high degree of businesses serving critical sectors such as healthcare, aerospace and durable goods. In May 2020, a new CEO and President, Dr. Jeffrey Graves, was hired. Dr. Graves completed his initial assessment of the Company and on August 5, 2020, a new strategic focus (outlined in the Business Overview) and reorganization was announced and, to align our cost structure to the current level of revenues, a restructuring plan was also announced. We expect the restructuring effort, when complete and in conjunction with other cost reduction measures, to reduce annualized costs by approximately \$100 million by the end of 2021. This should enable us to be profitable at current revenue levels and be well positioned to leverage the sales growth as it returns. Other cost reduction efforts include reducing the number of facilities and examining every aspect of our manufacturing and operating costs. We estimate to incur total cash charges in the range of \$25 to \$30 million for severance, facility closings and other costs in accomplishing these efforts. We have already incurred restructuring charges in the third quarter of 2020 and expect to incur much of the remaining charges prior to the end of 2020, though we may incur additional charges in 2021 as we finalize all the actions to be taken. We are also evaluating the divestiture of parts of the business that do not align with this strategic focus. See Note 15 and Note 16 for additional discussion.

To provide additional financial flexibility while executing our restructuring plan, on August 5, 2020, we entered into an Equity Distribution Agreement for an At-The-Market equity offering program ("ATM Program") where we may issue and sell, from time to time, shares of our common stock. Our ATM Program allows for an aggregate gross sales price of up to a total of \$150.0 million, depending upon market conditions and our liquidity requirements, through Truist Securities, Inc. ("Truist Securities") and HSBC Securities (USA) Inc. ("HSBC," and together with Truist Securities, the "Sales Agents"). For the quarter ended September 30, 2020, we sold 4,616 shares of our common stock under our ATM Program for net proceeds of \$25.0 million, net of \$0.5 million in fees, commissions and other costs. As of September 30, 2020, we have \$124.5 million in availability remaining under the ATM Program. Based on projected cash flows, the results of our cost savings initiatives, availability under our Revolving Facility, and potential divestitures (see Note 16), we do not anticipate issuing shares under the ATM Program during the fourth quarter of 2020.

We believe our balance sheet is well positioned and had cash on hand of \$75.3 million and total debt of \$21.7 million at September 30, 2020. We had a \$100 million unused revolving credit facility with approximately \$30.6 million of availability at September 30, 2020, based on the terms of the agreement. Additionally, our ATM Program may be used as a source of additional liquidity, if needed. In the second and third quarters of 2020, we began reducing our cost structure by focusing on cost of sales and operating expenses to drive future profitability. We implemented an employee furlough program, executive and Board pay reductions, reduced our hiring and lowered travel expenses. We also implemented a restructuring plan, which included workforce reductions and facility closings. We believe these actions and our current financial position will enable us to handle the near-term impacts of the current economic uncertainty as well as position us for future profitable growth.

Looking Forward

Our operations in Americas, EMEA and APAC expose us to risks associated with public health crises and epidemics/pandemics, such as the COVID-19 pandemic. While the COVID-19 pandemic has impacted our reported results for the quarter and nine months ended September 30, 2020, we are unable to predict the longer-term impact that the pandemic may have on our business, results of operations, financial position or cash flows. The extent to which our operations may be impacted by the dynamic nature of the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact. Furthermore, the impacts of a potential worsening of global economic conditions and the continued disruptions to, and volatility in, the financial markets remain unknown. Additional information regarding COVID-19 risk appears in Part II, Item 1A, "Risk Factors" of the Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020.

Summary of Third Quarter 2020 Financial Results

Total consolidated revenue for the third quarter of 2020 decreased 13.0% compared to the same period last year. The lower demand was across all products and services and due primarily to the COVID-19 pandemic, as many customers were on a significantly reduced level of activity. Total consolidated revenue for the third quarter of 2020 increased 20.6% compared to the second quarter of 2020 as customer activity levels increased. Revenue from Healthcare increased 6.1% to \$59.8 million, compared to the same period last year, driven by stronger sales to the dental market. Industrial sales decreased 23.8% to \$75.3 million, compared to the same period last year; decreases were in all products and services across all geographies.

Gross profit for the quarter ended September 30, 2020 decreased by 12.9%, or \$8.7 million, to \$58.6 million, compared to \$67.3 million for the quarter ended September 30, 2019. Gross profit margin for the quarters ended September 30, 2020 and September 30, 2019 was 43.4% and 43.3%, respectively. The decrease in gross profit was primarily due to lower sales volumes resulting from COVID-19, as many of our customers were on a significantly reduced level of activity.

Operating expenses for the quarter ended September 30, 2020 increased by 59.4%, or \$47.0 million, to \$126.2 million, compared to \$79.2 million for the quarter ended September 30, 2019. Excluding our goodwill impairment charge, operating expenses for the quarter ended September 30, 2020 decreased by 1.6%, or \$1.3 million, to \$77.9 million, compared to \$79.2 million for the quarter ended September 30, 2019. Selling, general and administrative expenses for the quarter ended September 30, 2020 increased by 1.4%, or \$0.8 million, to \$59.1 million, compared to \$58.3 million for the quarter ended September 30, 2019. Research and development expenses for the quarter ended September 30, 2020 decreased by 9.9%, or \$2.1 million, to \$18.9 million, compared to \$20.9 million for the quarter ended September 30, 2019. For the quarter ended September 30, 2020, we recorded a non-cash goodwill impairment charge of \$48.3 million. See Note 1 for additional discussion. No similar charge was recorded in the prior year. Excluding the goodwill impairment charge, our lower operating expenses reflect reduced hiring and lower travel expenses incurred in the current year, resulting from the COVID-19 pandemic, as well as savings achieved in the current year from cost restructuring activities, including personnel and marketing activities, originating in 2019; partially offset by costs associated with restructuring efforts including employee severance and facility closings and related impairment charges.

Our operating loss for the quarter ended September 30, 2020 was \$67.6 million, compared to an operating loss of \$11.9 million for the quarter ended September 30, 2019. The higher loss was predominantly due to the non-cash goodwill impairment charge of \$48.3 million recorded in the current quarter. See Note 1 for additional discussion.

For the nine months ended September 30, 2020, we used \$32.6 million of cash from operations, primarily driven by the increase in inventories. For the nine months ended September 30, 2019, we generated \$10.1 million of cash from operations. In total, our unrestricted cash balance at September 30, 2020 and December 31, 2019, was \$75.3 million and \$133.7 million, respectively. The lower cash balance primarily resulted from \$32.6 million for operations, \$26.5 million for repayments of debt, \$12.5 million for payments to purchase noncontrolling interests and \$11.0 million for capital expenditures, offset by net proceeds of \$25.0 million from third quarter common stock issuances under our ATM Program.

Results of Operations

Revenue

Current year revenue has been greatly impacted by COVID-19, most severely toward the end of the first quarter and into the second quarter, as many of our customers were shutdown or on a significantly reduced level of activity. The third quarter has experienced some return in activity, though levels remain lower than that of prior year. Excluding impacts due to the pandemic, due to the relatively high price of certain 3D printers and a corresponding lengthy selling cycle as well as relatively low unit volume of the higher priced printers in any particular period, a shift in the timing and concentration of orders and shipments from one period to another can affect reported revenue in any given period.

In addition to changes in sales volumes, there are two other primary drivers of changes in revenue from one period to another: (1) the combined effect of changes in product mix and average selling prices and (2) the impact of fluctuations in foreign currencies. As used in this Management's Discussion and Analysis, the price and mix effects relate to changes in revenue that are not able to be specifically related to changes in unit volume.

We earn revenue from the sale of products and services. The products category includes 3D printers and corresponding materials, healthcare simulators and digitizers, software licenses, 3D scanners and haptic devices. The majority of materials used in our 3D printers are proprietary. The services category includes maintenance contracts and services on 3D printers and simulators, software maintenance, on demand solutions and healthcare services.

The following tables set forth the change in revenue for the quarters and nine months ended September 30, 2020 and 2019.

Table 1

<i>(Dollars in thousands)</i>	Products		Services		Total	
Revenue — third quarter 2019	\$ 94,506	60.9 %	\$ 60,766	39.1 %	\$ 155,272	100.0 %
Change in revenue:						
Volume	(19,342)	(20.5)%	(3,903)	(6.4)%	(23,245)	(15.0)%
Price/Mix	540	0.6 %	1	— %	541	0.3 %
Foreign currency translation	1,563	1.7 %	1,016	1.7 %	2,579	1.7 %
Net change	(17,239)	(18.2)%	(2,886)	(4.7)%	(20,125)	(13.0)%
Revenue — third quarter 2020	\$ 77,267	57.2 %	\$ 57,880	42.8 %	\$ 135,147	100.0 %

Consolidated revenue decreased 13.0%, predominantly due to lower products volume, driven by decreased sales of printers and lower on demand volume, partially offset by the favorable impact of foreign currency. The lower demand was due to COVID-19, as many of our customers were on a significantly reduced level of activity. For the quarters ended September 30, 2020 and 2019, revenue from printers contributed \$21.7 million and \$30.4 million, respectively. Software revenue included in the products category contributed \$10.2 million and \$13.3 million for the quarters ended September 30, 2020 and 2019, respectively. Materials revenue included in the products category contributed \$39.0 million and \$41.4 million for the quarters ended September 30, 2020 and 2019, respectively.

Revenue from services decreased 4.7%, or \$2.9 million, as compared to the third quarter of 2019. The decrease was primarily comprised of a 19.0%, or \$4.4 million, decline in our on demand manufacturing services, partially offset by an increase in services on printers and simulators, software maintenance and healthcare services.

For the quarters ended September 30, 2020 and 2019, revenue from operations outside the U.S. was 50.9% and 51.3% of total revenue, respectively.

Table 2

<i>(Dollars in thousands)</i>	Products		Services		Total	
Revenue — nine months 2019	\$ 280,611	60.4 %	\$ 183,913	39.6 %	\$ 464,524	100.0 %
Change in revenue:						
Volume	(64,437)	(23.0)%	(19,295)	(10.5)%	(83,732)	(18.0)%
Price/Mix	836	0.3 %	1	— %	837	0.2 %
Foreign currency translation	562	0.2 %	(279)	(0.2)%	283	0.1 %
Net change	(63,039)	(22.5)%	(19,573)	(10.6)%	(82,612)	(17.8)%
Revenue — nine months 2020	\$ 217,572	57.0 %	\$ 164,340	43.0 %	\$ 381,912	100.0 %

Consolidated revenue decreased 17.8%, predominantly due to lower products volume, driven by decreased sales of printers and corresponding materials and lower on demand volume. The lower demand was due to COVID-19, as many of our customers were shutdown or on a significantly reduced level of activity starting in the latter part of the first quarter. For the nine months ended September 30, 2020 and 2019, revenue from printers contributed \$58.1 million and \$90.3 million, respectively. Software revenue included in the products category contributed \$31.0 million and \$39.2 million for the nine months ended September 30, 2020 and 2019, respectively. Materials revenue included in the products category contributed \$109.0 million and \$124.0 million for the nine months ended September 30, 2020 and 2019, respectively.

Revenue from services decreased 10.6%, or \$19.6 million, as compared to the nine months ended 2019. The decrease was primarily comprised of a 21.2%, or \$14.8 million, decline in our on demand manufacturing services. The remaining decrease resulted from maintenance contracts and services on printers and simulators, software maintenance and healthcare services.

Gross profit and gross profit margins

The following tables set forth gross profit and gross profit margins for the quarters and nine months ended September 30, 2020 and 2019.

Table 3

<i>(Dollars in thousands)</i>	Quarter Ended September 30,				Change in Gross Profit		Change in Gross Profit Margin	
	2020		2019		\$	%	Percentage Points	%
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin				
Products	\$ 28,257	36.6 %	\$ 36,462	38.6 %	\$ (8,205)	(22.5)%	(2.0)	(5.2)%
Services	30,370	52.5 %	30,819	50.7 %	(449)	(1.5)%	1.8	3.6 %
Total	\$ 58,627	43.4 %	\$ 67,281	43.3 %	\$ (8,654)	(12.9)%	0.1	0.2 %

The decrease in total consolidated gross profit is predominantly due to the lower sales volume as previously discussed. Products gross profit decreased primarily due to the under absorption of supply chain overhead, resulting from lower production.

Table 4

<i>(Dollars in thousands)</i>	Nine Months Ended September 30,				Change in Gross Profit		Change in Gross Profit Margin	
	2020		2019		\$	%	Percentage Points	%
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin				
Products	\$ 67,177	30.9 %	\$ 113,802	40.6 %	\$ (46,625)	(41.0)%	(9.7)	(23.9)%
Services	83,749	51.0 %	92,483	50.3 %	(8,734)	(9.4)%	0.7	1.4 %
Total	\$ 150,926	39.5 %	\$ 206,285	44.4 %	\$ (55,359)	(26.8)%	(4.9)	(11.0)%

The decrease in total consolidated gross profit is predominantly due to the lower sales volume as previously discussed, as well as an end-of-life inventory charge of \$10.9 million. Excluding the end-of-life inventory charge, total gross profit margin would have been 42.4%. See Note 4 for additional discussion.

Products gross profit decreased primarily due to an end-of-life inventory charge of \$10.9 million as well as the under absorption of supply chain overhead, resulting from lower production. Excluding the end-of-life inventory charge, products gross profit margin would have been 35.9%. See Note 4 for additional discussion.

Operating expenses

The following tables set forth the components of operating expenses for the quarters and nine months ended September 30, 2020 and 2019.

Table 5

<i>(Dollars in thousands)</i>	Quarter Ended September 30,				Change	
	2020		2019		\$	%
	Amount	% Revenue	Amount	% Revenue		
Selling, general and administrative expenses	\$ 59,065	43.7 %	\$ 58,275	37.5 %	\$ 790	1.4 %
Research and development expenses	18,866	14.0 %	20,940	13.5 %	(2,074)	(9.9)%
Impairment of goodwill	48,300	35.7 %	—	— %	48,300	100.0 %
Total operating expenses	\$ 126,231	93.4 %	\$ 79,215	51.0 %	\$ 47,016	59.4 %

Selling, general and administrative expenses increased slightly due to restructuring efforts, predominantly employee severance and facility closings, and related impairment charges. See Note 15 for additional discussion regarding restructuring charges. See Note 3 for additional discussion regarding facility closings and related impairment charges. These costs were partially offset by

reduced hiring and lower travel expenses incurred in the current year, resulting from the COVID-19 pandemic, as well as savings achieved in the current year from cost restructuring activities, including personnel and marketing activities, originating in 2019.

Research and development expenses decreased due to current year savings achieved from cost restructuring activities, including personnel reductions, originating in 2019, as well as lower overall program spend.

For the quarter ended September 30, 2020, we recorded a non-cash goodwill impairment charge of \$48.3 million, related to the EMEA reporting unit, that was ultimately due to the negative impact of the business environment as a result of the COVID-19 pandemic. See Note 1 for additional discussion.

Table 6

<i>(Dollars in thousands)</i>	Nine Months Ended September 30,				Change	
	2020		2019		\$	%
	Amount	% Revenue	Amount	% Revenue		
Selling, general and administrative expenses	\$ 167,213	43.8 %	\$ 195,036	42.0 %	\$ (27,823)	(14.3)%
Research and development expenses	55,107	14.4 %	63,654	13.7 %	(8,547)	(13.4)%
Impairment of goodwill	48,300	12.6 %	—	— %	48,300	100.0 %
Total operating expenses	\$ 270,620	70.9 %	\$ 258,690	55.7 %	\$ 11,930	4.6 %

Selling, general and administrative expenses decreased due to an employee furlough program in the second quarter of 2020; reduced hiring and lower travel expenses incurred in the current year, resulting from the COVID-19 pandemic; savings achieved in the current year from cost restructuring activities, including personnel and marketing activities, originating in 2019; reduced litigation and legal fees incurred in the current year; and the run-out of certain intangible amortization. These savings were partially offset by restructuring efforts, predominantly employee severance and facility closings, and related impairment charges. See Note 15 for additional discussion regarding restructuring charges. See Note 3 for additional discussion regarding facility closings and related impairment charges.

Research and development expenses decreased due to an employee furlough program in the second quarter of 2020, current year savings achieved from cost restructuring activities, including personnel, originating in 2019, as well as lower overall program spend; partially offset by an increase in materials spend.

For the nine months ended September 30, 2020, we recorded a non-cash goodwill impairment charge of \$48.3 million, related to the EMEA reporting unit, that was ultimately due to the negative impact of the business environment as a result of the COVID-19 pandemic. See Note 1 for additional discussion.

Loss from operations

The following table sets forth loss from operations for the quarters and nine months ended September 30, 2020 and 2019.

Table 7

<i>(Dollars in thousands)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Loss from operations:	\$ (67,604)	\$ (11,934)	\$ (119,694)	\$ (52,405)

See “Revenue,” “Gross profit and gross profit margins” and “Operating expenses” above.

Interest and other (expense) income, net

The following table sets forth the components of interest and other (expense) income, net, for the quarters and nine months ended September 30, 2020 and 2019.

Table 8

<i>(Dollars in thousands)</i>	<u>Quarter Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest and other (expense) income, net				
Foreign exchange (loss) gain	\$ (601)	\$ (1,095)	\$ (1,584)	\$ (2,204)
Interest expense, net	(611)	(953)	(3,699)	(2,393)
Other (expense) income, net	(1,207)	(770)	(2,315)	(2,177)
Total interest and other (expense) income, net	<u>\$ (2,419)</u>	<u>\$ (2,818)</u>	<u>\$ (7,598)</u>	<u>\$ (6,774)</u>

Total interest and other (expense) income, net, for the quarter ended September 30, 2020 as compared to the quarter ended September 30, 2019 remained relatively flat.

Total interest and other (expense) income, net, for the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019 resulted in a higher loss as amounts previously recognized in Accumulated Other Comprehensive Loss ("AOCL") were released in the second quarter of 2020 and reclassified to "Interest and other expense, net," as a result of the reduction in the interest rate swap. See Note 8 for additional discussion. For the nine months ended September 30, 2020 and 2019, losses on equity investments were recorded in both periods to "Other (expense) income, net".

Net loss attributable to 3D Systems

The following tables set forth the primary components of net loss attributable to 3D Systems for the quarters and nine months ended September 30, 2020 and 2019.

Table 9

<i>(Dollars in thousands)</i>	<u>Quarter Ended September 30,</u>		<u>Change</u>
	<u>2020</u>	<u>2019</u>	
Loss from operations	\$ (67,604)	\$ (11,934)	\$ (55,670)
Other non-operating items:			
Interest and other (expense) income, net	(2,419)	(2,818)	399
Provision for income taxes	(2,866)	(2,010)	(856)
Net loss	(72,889)	(16,762)	(56,127)
Less: net income attributable to noncontrolling interests	—	81	(81)
Net loss attributable to 3D Systems Corporation	<u>\$ (72,889)</u>	<u>\$ (16,843)</u>	<u>\$ (56,046)</u>
Weighted average shares, basic and diluted	118,527	114,053	
Net loss per share - basic and diluted	<u>\$ (0.61)</u>	<u>\$ (0.15)</u>	

Table 10

<i>(Dollars in thousands)</i>	Nine Months Ended September 30,		Change
	2020	2019	
Loss from operations	\$ (119,694)	\$ (52,405)	\$ (67,289)
Other non-operating items:			
Interest and other (expense) income, net	(7,598)	(6,774)	(824)
Provision for income taxes	(2,472)	(5,793)	3,321
Net loss	(129,764)	(64,972)	(64,792)
Less: net income attributable to noncontrolling interests	—	195	(195)
Net loss attributable to 3D Systems Corporation	<u>\$ (129,764)</u>	<u>\$ (65,167)</u>	<u>\$ (64,597)</u>
Weighted average shares, basic and diluted	116,216	113,587	
Net loss per share - basic and diluted	<u>\$ (1.12)</u>	<u>\$ (0.57)</u>	

The increase in net loss for the quarter and nine months ended September 30, 2020, as compared to the quarter and nine months ended September 30, 2019, was primarily driven by an increase in loss from operations, which was impacted by a goodwill impairment charge of \$48.3 million, restructuring charges of \$11.9 million, and an end-of-life inventory charge of \$10.9 million. See Note 1 for additional discussion regarding the goodwill impairment charge. See Note 4 for additional discussion regarding the end-of-life inventory charge. See Note 15 for additional discussion regarding the restructuring charges.

See “*Gross profit and gross profit margins*” and “*Operating expenses*” above, and Note 12.

Liquidity and Capital Resources

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. In doing so, we review and analyze our current cash on hand, the number of days our sales are outstanding, inventory turns, capital expenditure commitments, accounts payable turns and funding requirements. Our cash requirements primarily consist of funding working capital and capital expenditures.

At September 30, 2020, we had cash on hand of \$75.3 million and total debt of \$21.7 million. We also had a \$100 million unused revolving credit facility with approximately \$30.6 million of availability, based on the terms of the agreement. Additionally, our ATM Program may be used as a source of additional liquidity, if needed. Cash on hand decreased \$58.4 million since December 31, 2019. The uses of cash included \$32.6 million for operations, \$26.5 million for repayments of debt, \$12.5 million for payments to purchase noncontrolling interests and \$11.0 million for capital expenditures. The primary use of cash in operations related to our net loss as well as our inability to slow down our inventory levels fast enough earlier in the year, specifically for committed lead times with our contract manufacturers and suppliers due to COVID-19. Cash provided included net proceeds of \$25.0 million from third quarter common stock issuances under our ATM Program.

Cash flow from operations, cash and cash equivalents, and other sources of liquidity such as bank credit facilities and issuing equity or debt securities, are expected to be available and sufficient to meet foreseeable cash requirements. We hold a 5-year \$100.0 million senior secured term loan facility (the “Term Facility”) and a 5-year \$100.0 million senior secured revolving credit facility (the “Revolving Facility” and, together with the Term Facility, the “Senior Credit Facility”) that are intended to support working capital and general corporate purposes. The Senior Credit Facility is scheduled to mature on February 26, 2024, at which time all amounts outstanding thereunder will be due and payable. As of September 30, 2020, we had \$10.0 million of outstanding letters of credit and \$30.6 million of available borrowings under the Revolving Facility. For additional information on the Senior Credit Facility, see Note 7 for further discussion. We also launched an ATM Program to provide us with additional financial flexibility to complete our reorganization and to work through these uncertain times caused by the pandemic. Our ATM Program allows us from time to time to issue up to a total of \$150 million of shares of our common stock to the public, at our discretion. We intend to use the net proceeds from this offering for general corporate purposes, which may include repaying amounts outstanding under the Term Facility and the Revolving Facility. At September 30, 2020, we had approximately \$124.5 million of availability remaining under the ATM Program; however, based on projected cash flows, the results of our cost savings initiatives, availability under the Revolving Facility, and potential divestitures (see Note 16), we do not anticipate issuing shares under the ATM Program during the fourth quarter of 2020.

Cash held outside the U.S. at September 30, 2020 was \$53.8 million, or 71.5% of total cash and equivalents, compared to \$75.7 million, or 56.5% of total cash and equivalents at December 31, 2019. As our previously unremitted earnings have been subjected to U.S. federal income tax, we expect any repatriation of these earnings to the U.S. would not incur significant federal and state taxes. However, these dividends are subject to foreign withholding taxes that are estimated to result in the Company incurring tax costs in excess of the cost to obtain cash through other means. Cash equivalents are comprised of funds held in money market instruments and are reported at their current carrying value, which approximates fair value due to the short-term nature of these instruments. We strive to minimize our credit risk by investing primarily in investment grade, liquid instruments and limit exposure to any one issuer depending upon credit quality. See “Cash flow” discussion below.

Cash flow

Cash flow from operations

Cash used in operating activities for the nine months ended September 30, 2020 was \$32.6 million, while cash provided by operating activities for the nine months ended September 30, 2019 was \$10.1 million.

Working capital used cash of \$22.0 million for the nine months ended September 30, 2020 and provided cash of \$13.4 million for the nine months ended September 30, 2019. In the nine months ended September 30, 2020, drivers of working capital related to cash outflows were an increase in inventory and prepaid expenses and a decrease in accounts payable, partially offset by a decrease in accounts receivable and an increase in other accrued liabilities and deferred revenue. In the nine months ended September 30, 2019, drivers of working capital related to cash inflows were a decrease in accounts receivable and an increase in deferred revenues related to software and system maintenance contracts, partially offset by a decrease in accounts payable and accrued and other current liabilities.

Cash flow from investing activities

For the nine months ended September 30, 2020 and 2019, the primary outflows of cash relate to the purchases of noncontrolling interests and capital expenditures. Purchases of noncontrolling interests were \$10.0 million, related to Robtec, and \$2.5 million, related to Easyway, for the nine months ended September 30, 2020 and 2019, respectively. See Note 14 for additional discussion. Capital expenditures were \$11.0 million and \$18.3 million for the nine months ended September 30, 2020 and 2019, respectively. The lower expenditures in 2020 reflect the reduced spending due to the lower revenue volume because of the pandemic.

Cash flow from financing activities

Cash used in financing activities was \$3.8 million for the nine months ended September 30, 2020, while cash provided by financing activities was \$29.8 million for the nine months ended September 30, 2019. The primary outflow of cash for the nine months ended September 30, 2020 relates to repayment of the Term Facility and settlements of stock-based compensation, partially offset by net proceeds from issuances of common stock under our ATM Program and proceeds from an inventory financing agreement. The primary inflow of cash for the nine months ended September 30, 2019 relates to borrowing on the Term Facility, partially offset by repayments of the prior credit facility and Term Facility.

Recent Accounting Pronouncements

Refer to Note 1 - Basis of Presentation of the Notes to Financial Statements (Part I, Item 1 of this Form 10-Q) for further discussion.

Critical Accounting Policies and Significant Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

As of the date of this report, there have been no changes to our critical accounting policies and estimates described in the Annual Report on Form 10-K for the year ended December 31, 2019 (“2019 Form 10-K”), filed with the Securities and Exchange Commission (“SEC”) on February 26, 2020 that have had a material impact on our condensed consolidated financial statements and related notes, other than the following:

Our EMEA and APAC reporting units carry approximately \$142.6 million and \$37.0 million of goodwill, respectively, as of September 30, 2020. Goodwill in the Americas region was written off in 2015. The net carrying values of our long-lived assets in the EMEA, APAC, and Americas regions are approximately \$58.8 million, \$6.2 million, and \$53.3 million, respectively. In our 2019 impairment testing, we determined the EMEA and APAC reporting units had fair values in excess of their carrying values. Our 2019 impairment testing also indicated no impairment of long-lived assets in the Americas region as the undiscounted cash flows were in excess of the carrying value of long-lived assets. This headroom and recoverability were driven by our forecasts of future operating performance as well as external market indicators.

As of March 31, 2020, we experienced a triggering event due to our operating performance, which had been negatively impacted by macroeconomic factors, the decrease and mix of sales, and the effect of the COVID-19 pandemic, and performed a quantitative analysis for potential impairment of our goodwill or long-lived asset balances. We also took action to counter these factors, including reducing our cost structure by focusing on cost of sales and operating expenses to drive future profitability. Based on available information and analysis as of March 31, 2020, we continued to believe the fair value of our reporting units exceed their carrying values and the carrying value of our long-lived assets were recoverable.

As of September 30, 2020, we experienced a triggering event due to a drop in our stock price, which had been negatively impacted by the business environment as a result of the COVID-19 pandemic, and performed a quantitative analysis for potential impairment of our goodwill or long-lived asset balances. Based on available information and analysis as of September 30, 2020, we determined the carrying value of the EMEA reporting unit exceeded its fair value and recorded a non-cash goodwill impairment charge of \$48.3 million. We determined the fair value of the Americas and APAC reporting units exceeded their carrying values and the carrying value of our long-lived assets is recoverable for all reporting units.

Forward-Looking Statements

Certain statements made in this Form 10-Q that are not statements of historical or current facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. In many cases, you can identify forward-looking statements by terms such as “believes,” “belief,” “expects,” “estimates,” “intends,” “anticipates,” or “plans” or the negative of these terms or other comparable terminology.

Forward-looking statements are based upon management’s beliefs, assumptions and current expectations concerning future events and trends, using information currently available, and are necessarily subject to uncertainties, many of which are outside our control. Although we believe that the expectations reflected in the forward-looking statements are reasonable, forward-looking statements are not, and should not be relied upon as a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results will be achieved. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements. These factors include without limitation:

- impact of production, supply, contractual and other disruptions, including facility closures and furloughs, due to the spread of the COVID-19 pandemic;
- our ability to deliver products that meet changing technology and customer needs;
- our ability to successfully execute the strategic reorganization without significant disruption to our business;
- our ability to achieve the savings targeted in our recently announced restructuring program;
- our decisions regarding additional equity sales under the ATM Program;
- our ability to successfully raise additional funds from the ATM Program, if any, and the possible impact on our stock price;
- our ability to identify strategic acquisitions, to integrate such acquisitions into our business without disruption and to realize the anticipated benefits of such acquisitions;
- impact of future write-off or write-downs of goodwill and intangible assets;
- our ability to acquire and enforce intellectual property rights and defend such rights against third party claims;
- our ability to protect our intellectual property rights and confidential information, including our digital content, from third-party infringers or unauthorized copying, use or disclosure;
- failure of our information technology infrastructure or inability to protect against cyber-attack;
- our ability to generate net cash flow from operations;
- our ability to comply with the covenants in our borrowing agreements and maintain adequate borrowing capacity;
- impact of natural disasters, public health issues (including the COVID-19 pandemic), and other catastrophic events;
- impact of global economic, political and social conditions and financial markets on our business;
- fluctuations in our gross profit margins, operating income or loss and/or net income or loss;
- our ability to efficiently conduct business outside the U.S.;

- our dependence on our supply chain for components and sub-assemblies used in our 3D printers and other products and for raw materials used in our print materials;
- our ability to manage the costs and effects of litigation, investigations or similar matters involving us or our subsidiaries;
- product quality problems that result in decreased sales and operating margin, product returns, product liability, warranty or other claims;
- our ability to retain our key employees and to attract and retain new qualified employees, while controlling our labor costs;
- our exposure to product liability claims and other claims and legal proceedings;
- disruption in our management information systems for inventory management, distribution, and other key functions;
- compliance with U.S. and other anti-corruption laws, data privacy laws, trade controls, economic sanctions, and similar laws and regulations;
- our ability to comply with the terms of the Administrative Agreement with the U.S. Air Force and to maintain our status as a responsible contractor under federal rules and regulations;
- changes in, or interpretation of, tax rules and regulations;
- compliance with, and related expenses and challenges concerning, conflict-free minerals regulations;
- our ability to complete the proposed sale of the Cimatron and GibbsCAM businesses in a timely manner (or at all); and
- the other factors discussed in the reports we file with or furnishes to the SEC from time to time, including the risks and important factors set forth in additional detail in Item 1A, "Risk Factors" in the 2019 Form 10-K and in Part II, Item 1A of the quarterly report on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020.

Readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included herein are made only as of the date of this Form 10-Q and we undertake no obligation to publicly update or review any forward-looking statement made by us or on our behalf, whether as a result of new information, future developments, subsequent events or circumstances or otherwise. All subsequent written or oral forward-looking statements attributable to us or individuals acting on our behalf are expressly qualified in their entirety by the cautionary statements referenced above.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

For a discussion of market risks at December 31, 2019, refer to Item 7A, "Quantitative and Qualitative Disclosures about Market Risk" in the 2019 Form 10-K. During the first nine months of 2020, there were no material changes or developments that would materially alter the market risk assessment performed as of December 31, 2019.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

As of September 30, 2020, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) pursuant to Rules 13a-15 and 15d-15 under the Exchange Act. These controls and procedures were designed to provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner to allow timely decisions regarding required disclosures. Based on this evaluation, management has concluded that our disclosure controls and procedures were effective as of September 30, 2020.

Changes in Internal Controls over Financial Reporting

There were no material changes in our internal controls over financial reporting during the period covered by this Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in "Litigation," "Export Compliance Matter" and "Other" in Note 13 – Commitments and Contingencies to the Financial Statements in Part I, Item 1 of this Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors.

There are no material changes to the risk factors previously disclosed in our 2019 Form 10-K in response to Item 1A to Part I of Form 10-K and in Part II, Item 1A, “Risk Factors” of our Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020. However, the impact of the COVID-19 pandemic may exacerbate the risks in Item 1A, “Risk Factors” in our 2019 Form 10-K and in Part II, Item 1A, “Risk Factors” of our Form 10-Q for the quarters ended March 31, 2020, and June 30, 2020, any of which could have a material effect on us. This situation is changing rapidly and additional impacts may arise that we are not aware of currently. See also Part I Item 2, Management’s Discussion and Analysis of Financial Condition and Results of Operations for additional information regarding our response to the COVID-19 pandemic and Part I, Item 3, Quantitative and Qualitative Disclosures About Market Risk.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Issuances of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The following table provides information about purchases of equity securities that are registered pursuant to Section 12 of the Exchange Act for the quarter ended September 30, 2020:

	<u>Total number of shares (or units) purchased</u>	<u>Average price paid per share (or unit)</u>
<i>Shares delivered or withheld pursuant to restricted stock awards</i>		
July 1, 2020 - July 31, 2020	1,359	\$ 7.08
August 1, 2020 - August 31, 2020	189,717	\$ 5.81
September 1, 2020 - September 30, 2020	18,305	\$ 5.29
	<u>209,381</u> (a)	<u>\$ 5.77</u> (b)

(a) Reflects shares of common stock surrendered to the Company for payment of tax withholding obligations in connection with the vesting of restricted stock.

(b) The average price paid reflects the average market value of shares withheld for tax purposes.

Item 6. Exhibits.

- [2.1](#) Share Purchase Agreement, dated as of November 2, 2020, by and among 3D Systems, Inc., 3D Systems Corporation and ST Acquisition Co. (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed on November 4, 2020.)
- 3.1 Certificate of Incorporation of Registrant. (Incorporated by reference to Exhibit 3.1 to Form 8-B filed on August 16, 1993, and the amendment thereto, filed on Form 8-B/A on February 4, 1994.)
- 3.2 Amendment to Certificate of Incorporation filed on May 23, 1995. (Incorporated by reference to Exhibit 3.2 to Registrant's Registration Statement on Form S-2/A, filed on May 25, 1995.)
- [3.3](#) Certificate of Amendment of Certificate of Incorporation filed with Secretary of State of Delaware on May 19, 2004. (Incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, filed on August 5, 2004.)
- [3.4](#) Certificate of Amendment of Certificate of Incorporation filed with Secretary of State of Delaware on May 17, 2005. (Incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005, filed on August 1, 2005.)
- [3.5](#) Certificate of Amendment of Certificate of Incorporation filed with the Secretary of State of Delaware on October 7, 2011. (Incorporated by reference to Exhibit 3.1 to Form 8-K filed on October 7, 2011.)
- [3.6](#) Certificate of Amendment of Certificate of Incorporation filed with the Secretary of State of Delaware on May 21, 2013. (Incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed on May 22, 2013.)
- [3.7](#) Amended and Restated By-Laws of 3D Systems Corporation. (Incorporated by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K filed on March 15, 2018.)
- [4.1*†](#) Amended and Restated 2015 Incentive Plan of 3D Systems Corporation, effective September 3, 2020.
- [10.1](#) Amendment No. 2, dated October 9, 2020, to the Credit Agreement, dated February 27, 2019 (as amended by Amendment No. 1, dated as of September 30, 2019), by and among 3D Systems Corporation, HSBC Bank USA, National Association, as Administrative Agent, Swing Loan Lender and Issuing Lender, the guarantors party thereto, and the other lenders party thereto.. (Incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on October 14, 2020.)
- [10.2*](#) Employment Agreement, dated August 21, 2020, by and between 3D Systems Corporation and Jagtar Narula. (Incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on August 26, 2020.)
- [10.3*†](#) Employment Agreement, dated November 21, 2016, by and between 3D Systems Corporation and Menno Ellis.
- [10.4*†](#) Employment Agreement, dated October 1, 2020, by and between 3D Systems Corporation and Reji Puthenveetil.
- [10.5*†](#) Consulting Agreement, dated October 1, 2020, by and between 3D Systems Corporation and Reji Puthenveetil.
- [10.6*](#) Amendment to the Second Letter of Secondment, dated August 13, 2020, by and between 3D Systems Corporation and Herbert Koeck. (Incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on August 17, 2020.)
- [10.7](#) Equity Distribution Agreement, dated August 5, 2020, by and among 3D Systems Corporation and Truist Securities, Inc. and HSBC Securities (USA) Inc. (Incorporated by reference to Exhibit 1.1 of Registrant's Current Report on Form 8-K filed on August 5, 2020.)
- [31.1†](#) Certification of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated November 5, 2020.
- [31.2†](#) Certification of Principal Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated November 5, 2020.
- [32.1†](#) Certification of Principal Executive Officer filed pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated November 5, 2020.

32.2†	Certification of Principal Financial Officer filed pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated November 5, 2020.
101.INS†	XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH†	XBRL Taxonomy Extension Schema Document.
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - this data file does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.

* Management contract or compensatory plan or arrangement

† Exhibits filed herein. All exhibits not so designated are incorporated by reference to a prior filing, as indicated.

**2015 INCENTIVE PLAN
OF 3D SYSTEMS CORPORATION**

As Amended and Restated Effective September 3, 2020

Section 1. Purpose; Effective Date; Definitions

The purpose of the 3D Systems Corporation 2015 Incentive Plan (the “**Plan**”) is to assist the Company and its Subsidiaries and Affiliates in attracting and retaining employees and consultants of outstanding competence by providing an incentive that permits the persons responsible for the Company's growth to share directly in that growth and to further the identity of their interests with the interests of the Company's stockholders.

For purposes of the Plan, the following terms shall be defined as set forth below:

- (a) “**Affiliate**” means any current or future entity other than the Company and its Subsidiaries that is designated by the Board as a participating employer under the Plan.
 - (b) “**Award**” means a grant of a Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, a Performance Award or an Incentive Award under the Plan.
 - (c) “**Award Agreement**” means a written agreement between the Company and a Participant or a written notice from the Company to a Participant specifically setting forth the terms and conditions of an Award granted under the Plan.
 - (d) “**Beneficiary**” means the person designated by the Participant prior to the Participant’s death in a form acceptable to the Committee to exercise Awards or receive benefits pursuant to the terms of this Plan. If no beneficiary is designated by the Participant, the Beneficiary shall be the Participant’s estate.
 - (e) “**Board**” means the Board of Directors of the Company.
 - (f) “**Cause**” means, but is not limited to, any of the following actions: embezzlement; fraud; nonpayment of any obligation owed to the Company, a Subsidiary or an Affiliate; breach of fiduciary duty; deliberate disregard of the Company's rules resulting in loss, damage or injury to the Company; unauthorized disclosure of any trade secret or confidential information; conduct constituting unfair competition; and the inducement of any customer of the Company to breach a contract with the Company. The determination of whether Cause exists shall be made in the Company's sole discretion.
 - (g) “**Code**” means the Internal Revenue Code of 1986, and the regulations promulgated thereunder, as amended from time to time, and any successor thereto.
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- (h) “**Committee**” means the Committee referred to in Section 2 of the Plan.
- (i) “**Common Stock**” means the common stock, \$0.001 par value per share, of the Company.
- (j) “**Company**” means 3D Systems Corporation, a corporation organized under the laws of the State of Delaware, or any successor corporation.
- (k) “**Date of Grant**” means the date as of which the Committee grants an Award. If the Committee contemplates an immediate grant to a Participant, the Date of Grant shall be the date of the Committee’s action. If the Committee contemplates a date on which the grant is to be made other than the date of the Committee’s action, the Date of Grant shall be the date so contemplated and set forth in or determinable from the records of action of the Committee; provided, however, that the Date of Grant shall not precede the date of the Committee’s action.
- (l) “**Detrimental Activity**” means: (i) the rendering of services for any organization or engaging directly or indirectly in any business which is or becomes competitive with the Company, or which organization or business, or the rendering of services to such organization or business, is or becomes otherwise prejudicial to or in conflict with the interests of the Company; (ii) the disclosure to anyone outside the Company, or the use in other than the Company’s business, without prior written authorization from the Company, of any confidential information or material relating to the business of the Company, acquired by the Participant either during or after employment with the Company; (iii) the failure or refusal to disclose promptly and to assign to the Company all right, title and interest in any invention or idea, patentable or not, made or conceived by the Participant during employment by the Company, relating in any manner to the actual or anticipated business, research or development work of the Company or the failure or refusal to do anything reasonably necessary to enable the Company to secure a patent where appropriate in the United States and in other countries; (iv) a violation of any rules, policies, procedures or guidelines of the Company; (v) any attempt directly or indirectly to induce any employee of the Company to be employed or perform services elsewhere or any attempt directly or indirectly to solicit the trade or business of any current or prospective customer, supplier or partner of the Company; (vi) the Participant being convicted of, or entering a guilty plea with respect to, a crime, whether or not connected with the Company; or (vii) any other conduct or act determined in the sole discretion of the Committee or the Board to be injurious, detrimental or prejudicial to any interest of the Company.
- (m) “**Disability**” means disability as determined under procedures established by the Committee for purposes of this Plan.
- (n) “**Dividend Equivalent Account**” means a bookkeeping account in accordance with Section 18 and related to a grant of Restricted Stock Units that is credited with the amount of any ordinary cash dividends or stock distributions that would be payable with respect to the shares of

Common Stock subject to such Awards had such shares been outstanding shares of Common Stock.

- (o) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.
- (p) “**Fair Market Value**” means, as of any given date, unless otherwise determined by the Committee in good faith, the closing price of the Common Stock on the principal stock exchange on which the Company's shares are listed on such date.
- (q) “**Incentive Award**” means an Award granted under Section 8 that, subject to such terms and conditions as may be prescribed by the Committee, entitles the Participant to receive a payment in Common Stock and/or cash from the Company or a Subsidiary or Affiliate.
- (r) “**Incentive Stock Option**” means any Stock Option designated as an “incentive stock option” within the meaning of Section 422 of the Code. No Stock Option that is intended to be an Incentive Stock Option shall be invalid for failure to qualify as an Incentive Stock Option.
- (s) “**Nonqualified Stock Option**” means any Stock Option that is not an Incentive Stock Option.
- (t) “**Participant**” means a member of the Board, an employee or a consultant who receives an Award under this Plan.
- (u) “**Performance Award**” means an Award under Section 8 that is based on the level of attainment of performance goals related to objective business criteria.
- (v) “**Person**” means “person” as defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) of the Exchange Act but excluding the Company, any Subsidiary or any Affiliate, and any employee benefit plan sponsored or maintained by the Company or any Subsidiary or Affiliate (including any trustee of such plan acting in the capacity of trustee).
- (w) “**Plan**” means this 3D Systems Corporation 2015 Incentive Plan, and any successor thereto, as amended from time to time.
- (x) “**Plan Year**” shall mean the calendar year.
- (y) “**Restricted Stock**” means shares of Common Stock subject to restrictions imposed in connection with an Award granted under Section 7.
- (z) “**Restricted Stock Unit**” means a notional bookkeeping entry representing the equivalent of a share of Common Stock, subject to restrictions imposed in connection with an Award granted under Section 7.

- (aa) “**Retirement**” means the Termination of the Participant on or after the Participant’s attainment of age 65.
- (ab) “**Section 409A**” means Section 409A of the Code.
- (ac) “**Stock Appreciation Right**” or “**SAR**” means a right granted under Section 6 to receive payment, in cash and/or Common Stock, equal in value to the excess of the Fair Market Value of the specified number of shares of Common Stock on the date the Stock Appreciation Right is exercised over the grant price of the Stock Appreciation Right, as determined in accordance with Section 6(a).
- (ad) “**Stock Option**” or “**Option**” means any option to purchase shares of Common Stock (including Restricted Stock, if the Committee so determines) granted pursuant to Section 5.
- (ae) “**Subsidiary**” means those corporations fifty percent (50%) or more of whose outstanding voting stock is owned or controlled, directly or indirectly, by the Company and those partnerships and joint ventures in which the Company owns directly or indirectly a fifty percent (50%) or more interest in the capital account or earnings.
- (af) “**Termination**” means the complete cessation of services with the Company, a Subsidiary, or an Affiliate with no anticipated resumption of services by the Company, a Subsidiary, or an Affiliate in the capacity as an employee or independent contractor. A Participant’s employment or services relationship with the Company shall be treated as continuing intact while the individual is on military leave, sick leave, or other bona fide Company-approved leave of absence if the period of leave does not exceed three (3) months, or if longer, so long as the individual retains a right to reemployment with the Company under an applicable statute or by agreement. If the period of leave exceeds three (3) months, and the Participant’s right to reemployment is not provided either by statute or by contract, the Participant shall be treated for purposes of this Plan as having experienced a Termination of the Participant’s employment or services relationship with the Company on the first day immediately following such three-month period.

Section 2. Administration

The Plan shall be administered by the Compensation Committee, or a subcommittee thereof (the “Committee”), which consists of two or more members of the Board, each of whom shall be a “NonEmployee Director,” as that term is defined in Rule 16b-3(b)(3)(i) of the Exchange Act, but the failure of a Committee member to satisfy such requirements shall not affect any actions taken by the Committee.

The Committee shall have full authority to grant, pursuant to the terms of the Plan, Awards to employees and consultants eligible under Section 4. The Board shall have full authority to grant, pursuant to the terms of the Plan, Awards to members of the Board.

In particular the Committee shall have the authority, without limitation:

- (i) to select the employees and consultants to whom Awards may be granted hereunder, separately or in tandem, from time to time;
- (ii) subject to the provisions of Sections 3 and 9, to determine the number of shares of Common Stock to be covered by each such Award granted hereunder;
- (iii) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder, which terms and conditions are not required to be the same in respect of each Participant;
- (iv) to designate the Corporate Secretary of the Company, other officers or employees of the Company or competent professional advisors to assist the Committee in the administration of the Plan, and to grant authority to such persons to execute agreements or other documents on its behalf;
- (v) as it pertains to Awards granted to employees and consultants residing in foreign jurisdictions, to adopt such supplements or subplans to the Plan as may be necessary or appropriate to comply with the applicable laws of such foreign jurisdictions and to afford Participants favorable treatment under such laws;
- (vi) to approve forms of agreements for use under the Plan;
- (vii) to correct administrative errors; and
- (viii) to allow Participants to satisfy Withholding Tax Obligations as such manner as may be determined by the Committee in accordance with the terms of the Plan.

The Committee shall have the authority to adopt, alter, and repeal such rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any Award Agreement relating thereto); and to otherwise supervise the administration of the Plan.

All decisions made by the Committee pursuant to the provisions of the Plan shall be made in the Committee's sole discretion and shall be final and binding on all persons, including the Company and Participants.

The Committee may delegate to officers of the Company its duties, powers, and authority under this Plan pursuant to such conditions and limitations as the Committee may establish, except that only the Committee may administer the Plan and Awards to Participants who are subject to Section 16 of the Securities Exchange Act of 1934 or to officers who are or reasonably may become Covered Employees. In the event of such delegation of authority, any reference in this Plan to Committee shall be to the officer(s) to whom the Committee has delegated authority to administer the Plan.

The Company agrees to indemnify and to defend to the fullest extent permitted by law each member of the Committee against all liabilities, damages, costs and expenses (including attorney's fees and amounts paid in settlement of any claims approved by the

Company) occasioned by any act or omission to act in connection with the Plan or any Award Agreement, if such act or omission is in good faith and not due to willful misconduct or gross negligence. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation, Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

Section 3. Common Stock Subject to Plan

- (a) *Number of Shares Available for Award.* The total number of shares of Common Stock reserved and available for distribution under the Plan and the total number of shares of Common Stock that can be issued under Stock Options shall be eighteen million three hundred thousand and eleven (18,300,011) shares.

If any Award is cancelled, forfeited, expires or otherwise terminates without the issuance or delivery of nonforfeitable shares of Common Stock, or if any Award is settled for cash or otherwise does not result in the issuance of all or a portion of the shares of Common Stock subject to such Award, then the shares of Common Stock subject to the Award shall, to the extent of such cancellation, forfeiture, expiration, termination, cash settlement or non-issuance, again be available for issuance under the Plan.

In the event of any change in the outstanding shares of Common Stock or other securities then subject to the Plan by reason of any stock split, reverse stock split, stock dividend, recapitalization, merger, consolidation, combination or exchange of shares or other similar corporate change, or if the outstanding securities of the class then subject to the Plan are exchanged for or converted into cash, property or a different kind of security, or if cash, property or securities are distributed in respect of such outstanding securities (other than a regular cash dividend), then, unless the terms of such transaction shall provide otherwise, such equitable adjustments shall be made in the Plan and the Awards thereunder (including, without limitation, appropriate and proportionate adjustments in (i) the number and type of shares or other securities that may be acquired pursuant to Awards theretofore granted under the Plan; (ii) the maximum number and type of shares or other securities that may be issued pursuant to Awards thereafter granted under the Plan; (iii) the number of shares of Restricted Stock and shares of Common Stock under Restricted Stock Units that are outstanding and the terms thereof; and (iv) the maximum number of shares or other securities with respect to which Awards may thereafter be granted to any Participant in any Plan Year) as the Committee determines are necessary or appropriate, including, if necessary, any adjustment in the maximum number of shares of Common Stock available for distribution under the Plan as set forth in this Section 3. Such adjustments shall be conclusive and binding for all purposes of the Plan.

In the event that (i) any Stock Option granted under the Plan is exercised through the tendering of shares of Common Stock (either actually or by attestation) or by the withholding of shares of Common Stock by the Company or (ii) withholding tax liabilities resulting from an Award are

satisfied by the withholding of shares of Common Stock, then the number of shares tendered or withheld shall not be available for future grants of Awards. If Common Stock is issued in settlement of a Stock Appreciation Right, the number of shares of Common Stock available under the Plan shall be reduced by the number of shares of Common Stock for which the Stock Appreciation Right is exercised rather than the number of shares of Common Stock issued in settlement of the Stock Appreciation Right.

- (b) *Limitation on Shares Subject to Stock Options and Stock Appreciation Rights.* Subject to adjustment from time to time pursuant to Section 3(a) above, not more than five-hundred thousand (500,000) shares of Common Stock, in the aggregate, may be made subject to Stock Options or Stock Appreciation Rights under the Plan in respect of any one Participant during any Plan Year.
- (c) *Limitation on Awards to Members of the Board.* The maximum aggregate number of shares of Common Stock that may be made subject to Awards granted to any one non-employee member of the Board during any Plan Year is equal to that number of shares of Common Stock that has a Fair Market Value on the Date of Grant equal to U.S. \$250,000.

Section 4. Eligibility

Any person who is member of the Board, an employee of or consultant to the Company, a Subsidiary or an Affiliate shall be eligible to be considered for the grant of an Award under the Plan other than an Incentive Stock Option. Any person who is a common law employee of the Company shall be eligible to be considered for the grant of an Incentive Stock Option.

Each Award granted under the Plan shall be evidenced by a written Award Agreement in such form as the Committee shall approve from time to time. Award Agreements shall comply with the terms and conditions of the Plan. In the case of an Incentive Stock Option, the Award Agreement shall contain all of the required provisions and otherwise conform to the requirements under Code Section 422. Award Agreements may be evidenced by an electronic transmission (including an e-mail or reference to a website) sent to the Participant. As a condition to receiving an Award, the Committee may require the proposed Participant to affirmatively accept the Award and agree to the terms and conditions set forth in the Award Agreement by physically and/or electronically executing the Award Agreement or by otherwise physically and/or electronically acknowledging acceptance and agreement. With or without such affirmative acceptance, however, the Committee may prescribe conditions (including the exercise or attempted exercise of any benefit conferred by the Award) under which the proposed Participant may be deemed to have accepted the Award and agreed to the terms and conditions set forth in the Award Agreement.

Section 5. Stock Options

Stock Options granted under the Plan may be of two types: Incentive Stock Options that, in addition to being subject to applicable terms, conditions and limitations established by the Committee, comply with Section 422 of the Code and Nonqualified Stock Options. Any Stock Option shall be in such form as the Committee may from time to time approve; shall be subject to the following terms and conditions; and shall contain

such additional terms and conditions, not inconsistent with the terms of the Plan, that are set forth in the Award Agreement as the Committee shall deem desirable:

- (a) *Exercise Price.* The exercise price per share of Common Stock purchasable under a Stock Option shall be determined by the Committee on the Date of Grant but shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the Date of the Grant, *provided, however,* that the exercise price per share of Common Stock purchasable under an Incentive Stock Option that is granted to an individual who, on the Date of Grant, owns or is deemed to own stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, shall not be less than one hundred and ten percent (110%) of the Fair Market Value of the Common Stock on the Date of Grant. Except as provided in Section 3, without the approval of stockholders (i) the Committee may not reduce, adjust or amend the exercise price of an outstanding Stock Option, whether through amendment, cancellation, replacement grant or any other means and (ii) no payment may be made to cancel an outstanding Stock Option if on the date of such amendment, cancellation, replacement grant or payment the exercise price exceeds Fair Market Value.
- (b) *Option Term and Exercisability.* The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten (10) years after the Date of Grant; *provided, however,* that no Incentive Stock Option that is granted to an individual who, on the Date of Grant, owns or is deemed to own Common Stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, shall be exercisable more than five (5) years after the Date of Grant of such Incentive Stock Option. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee and set forth in the applicable Award Agreement.
- (c) *Method of Exercise.* Stock Options may be exercised in whole or in part subject to the terms of the applicable Award Agreement by giving written notice of exercise to the Company, or its designated representative, specifying the number of shares to be purchased.

Such notice shall be accompanied by payment in full of the exercise price by check, note or such other instrument as the Committee may accept and, in the case of Nonstatutory Stock Options, payment in full of the Withholding Tax Obligation. As determined by the Committee, in its sole discretion, payment of the exercise price in full or in part also may be made through (a) a “cashless exercise” (which will be conducted in a manner acceptable to the Company through a third party broker, and otherwise in compliance with Section 402 of the SarbanesOxley Act) or in which the exercise price (and any interest thereon) is subtracted from the number of shares of Common Stock received by the Participant upon exercise of the Stock Option (based on the Fair Market Value of the Common Stock on the date the Option is exercised); or (b) the surrender of other Common Stock which (i) in the case of Common Stock acquired upon the exercise of an Award, has been owned by the Participant for

more than six months on the date of surrender; and (ii) has a Fair Market Value on the date of surrender that, together with any cash paid, is equal to the aggregate exercise price of the Common Stock as to which said Stock Option shall be exercised.

No shares of Common Stock shall be issued until full payment has been made. No Participant shall have interest in or be entitled to voting rights or dividends or other rights or privileges of stockholders of the Company with respect to shares of Common Stock granted pursuant to the Plan unless, and until, shares of Common Stock actually are issued to such person and then only from the date such person becomes the record owner thereof and, if requested, has given the representation described in Section 15.

- (d) *Termination by Reason of Death or Disability.* Except as otherwise expressly approved by the Committee and set forth in the applicable Award Agreement, if a Participant has a Termination of employment by or service with the Company, a Subsidiary or an Affiliate by reason of death or Disability, any Stock Option held by such Participant thereafter may be exercised by the Participant or the Participant's Beneficiary in the case of death, for the number of shares that the Participant was eligible to exercise on the date of Termination, until the expiration of twelve (12) months after the date of such Termination, provided such Stock Option was exercisable on such date of Termination, but no later than the expiration date of the Stock Option.
- (e) *Termination by the Company without Cause, Retirement, Resignation.* Except as otherwise expressly approved by the Committee and set forth in the applicable Award Agreement, if a Participant has a Termination of employment by or service with the Company, a Subsidiary or an Affiliate (other than as provided in subsection (d) above) by the Company without Cause, by reason of Retirement, or on account of voluntary resignation provided that it is determined by the Committee that Cause did not exist as of the time of resignation, any Stock Option held by such Participant thereafter may be exercised, for the number of shares that the Participant was eligible to exercise on the date of Termination, until the expiration of ninety (90) days after the date of such Termination, provided such Stock Option was exercisable on such date of Termination, but no later than the expiration date of the Stock Option.
- (f) *Other Termination.* Unless otherwise determined by the Committee, if a Participant's employment by or service with the Company, a Subsidiary or an Affiliate is terminated for any reason other than as specified in subsections (d) and (e) above, including Termination with Cause, any unexercised Stock Option granted to such Participant shall be cancelled on the date of such termination, whether or not exercisable on such date.
- (g) *Incentive Stock Options.* Anything in the Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, without the consent of the Participant(s) affected, to disqualify any Incentive Stock Option under Section 422 of the Code. If an Incentive Stock Option is exercised other

than in accordance with the exercise periods that apply for purposes of Section 422 of the Code or if the aggregate Fair Market Value of the Common Stock with respect to which the Incentive Stock Options are exercisable for the first time during any calendar year (under all plans of the Company and any Subsidiary) exceeds U.S. \$100,000, such Stock Option thereafter will be treated as a Nonqualified Stock Option, notwithstanding the "Incentive Stock Option" designation in the Award Agreement.

Section 6. Stock Appreciation Rights

The Committee may, in its discretion, grant a Stock Appreciation Right either singly or in combination with an underlying Stock Option granted hereunder. Such Stock Appreciation Right shall be subject to the following terms and conditions and such other terms and conditions as the Committee may prescribe in the Award Agreement:

- (a) *Exercise Price.* The exercise price per share of Common Stock under a Stock Appreciation Right shall be determined by the Committee on the Date of Grant but shall be not less than the greater of (a) one hundred percent (100%) of the Fair Market Value of the Common Stock on the Date of the Grant or (b) the exercise price per share of Common Stock purchasable under a underlying Stock Option with respect to which the Stock Appreciation Right is granted. Except as provided in Section 3, without the approval of stockholders (i) the Committee may not reduce, adjust or amend the exercise price of an outstanding Stock Appreciation Right, whether through amendment, cancellation, replacement grant or any other means and (ii) no payment may be made to cancel an outstanding Stock Appreciation Right if on the date of such amendment, cancellation, replacement grant or payment the exercise price exceeds Fair Market Value.
- (b) *Time and Period of Grant.* If a Stock Appreciation Right is granted with respect to an underlying Stock Option, it must be granted at the time of the Stock Option grant or, if granted on a later date than the underlying Stock Option, then the exercise price per share of Common Stock under the Stock Appreciation Right must not be less than the greater of: (i) one hundred percent (100%) of the Fair Market Value on the Date of Grant of the Stock Appreciation Right and (ii) the exercise price of the underlying Stock Option. If a Stock Appreciation Right is granted with respect to an underlying Stock Option, at the time the Stock Appreciation Right is granted, the Committee may limit the exercise period for such Stock Appreciation Right, after which period the Stock Appreciation Right shall not be exercisable. In no event shall the exercise period for a Stock Appreciation Right granted with respect to an underlying Stock Option exceed the exercise period for such Stock Option. If a Stock Appreciation Right is granted without an underlying Stock Option, the Stock Appreciation Right shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee and set forth in the applicable Award Agreement but the Stock Appreciation Right shall not be exercisable more than ten years after its Date of Grant. No Stock Appreciation Right may provide that, upon the exercise of the Stock Appreciation Right, a new Stock Appreciation Right automatically will be granted.

- (c) *Value of Stock Appreciation Right.* If a Stock Appreciation Right is granted with respect to an underlying Stock Option, the grantee will be entitled to surrender the Stock Option which is then exercisable and receive in exchange therefore and on account of the exercise of the Stock Appreciation Right an amount equal to the excess of the Fair Market Value of the Common Stock on the date the election to surrender is received by the Committee in accordance with exercise procedures established by the Committee over the Stock Appreciation Right exercise price (the "Spread") multiplied by the number of shares covered by the Stock Option which is surrendered. If a Stock Appreciation Right is granted without an underlying Stock Option, the grantee will receive upon exercise of the Stock Appreciation Right the Spread multiplied by the number of shares covered by the exercise of the Stock Appreciation Right. Notwithstanding the foregoing, at the time it grants a Stock Appreciation Right, the Committee, in its sole discretion, may provide that the Spread covered by such Stock Appreciation Right may not exceed a specified amount. At the Committee's discretion, the amount payable as a result of the exercise of a Stock Appreciation Right may be settled in cash, Common Stock or a combination of cash and Common Stock. A fractional share shall not be deliverable upon the exercise of a Stock Appreciation Right but a cash payment will be made in lieu thereof.
- (d) *Method of Exercise.* Stock Appreciation Rights may be exercised in whole or in part subject to the terms of the applicable Award Agreement by giving written notice of exercise to the Company, or its designated representative, specifying the number of shares that are subject to exercise.

No Participant shall have interest in or be entitled to voting rights or dividends or other rights or privileges of stockholders of the Company with respect to shares of Common Stock subject to a Stock Appreciation Right unless, and until, shares of Common Stock actually are issued to such person and then only from the date such person becomes the record owner thereof and, if requested, has given the representation described in Section 15.

- (e) *Termination by Reason of Death or Disability.* Except as otherwise expressly approved by the Committee and set forth in the applicable Award Agreement, if a Participant has a Termination of employment by or service with the Company, a Subsidiary or an Affiliate by reason of death or Disability, any Stock Appreciation Right held by such Participant thereafter may be exercised by the Participant or the Participant's Beneficiary in the case of death, for the number of shares that the Participant was eligible to exercise on the date of Termination, until the expiration of twelve (12) months after the date of such Termination, provided such Stock Appreciation Right was exercisable on such date of Termination, but no later than the expiration date of the Stock Appreciation Right.
- (f) *Termination by the Company without Cause, Retirement, Resignation.* Except as otherwise expressly approved by the Committee and set forth in the applicable Award Agreement, if a Participant has a Termination of employment by or service with the Company, a Subsidiary or an Affiliate

(other than as provided in subsection (e) above) by the Company without Cause, by reason of Retirement, or on account of voluntary resignation provided that it is determined by the Committee that Cause did not exist as of the time of resignation, any Stock Appreciation Right held by such Participant thereafter may be exercised, for the number of shares that the Participant was eligible to exercise on the date of Termination, until the expiration of ninety (90) days after the date of such Termination, provided such Stock Appreciation Right was exercisable on such date of Termination, but no later than the expiration date of the Stock Appreciation Right.

- (g) *Other Termination.* Unless otherwise determined by the Committee, if a Participant's employment by or service with the Company, a Subsidiary or an Affiliate is terminated for any reason other than as specified in subsections (e) and (f) above, including Termination with Cause, any unexercised Stock Appreciation Right granted to such Participant shall be cancelled on the date of such termination, whether or not exercisable on such date.

Section 7. Restricted Stock and Restricted Stock Units

- (a) *Grant of Restricted Stock and Restricted Stock Units.* The Committee may grant to any Participant one or more Awards of Restricted Stock or Restricted Stock Units on such terms and subject to such conditions as may be established by the Committee that are set forth in the Award Agreement. Restricted Stock or Restricted Stock Units may be granted subject to such restrictions and provisions, whether based on performance standards, periods of service, retention by the Participant of ownership of specified shares of Common Stock or other criteria, not inconsistent with the terms of this Plan, as may be established by the Committee. Each Award of Restricted Stock or Restricted Stock Units may be subject to a different restricted period and additional restrictions; however, a Participant's Restricted Stock or Restricted Stock Unit Award shall not be contingent on any payment by or consideration from the Participant other than the rendering of services, except as the Committee may otherwise expressly determine. Neither Restricted Stock nor Restricted Stock Units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the restricted period or prior to the satisfaction of any other applicable restrictions.
- (b) *Recordkeeping of Award; Lapse of Restrictions.* As soon as practicable after the Date of Grant of Restricted Stock or a Restricted Stock Unit by the Committee, the Company shall:
- (i) for Restricted Stock Awards, cause to be transferred on the books of the Company or its agent, shares of Common Stock, registered on behalf of the Participant, evidencing the Restricted Stock covered by the Award, subject to forfeiture to the Company as of the Date of Grant if an Award Agreement with respect to the Restricted Stock covered by the Award is not duly executed by the Participant and timely returned to the Company. Until the lapse or release of the restrictions applicable to the shares subject to an Award of Restricted Stock, the share certificates representing such

Restricted Stock may be held in custody by the Company or its designee, in physical or book entry form, or, if the certificates bear a restrictive legend, by the Participant. Upon the lapse or release of all restrictions with respect to an Award as described in Section 7(e)(i), one or more share certificates, registered in the name of the Participant, for an appropriate number of shares as provided in Section 7(e)(i), free of any restrictions set forth in the Plan and the related Award Agreement, or a statement from the Company representing such shares in book entry form free of any restrictions set forth in the Plan and the related Award Agreement, shall be delivered to the Participant as provided in Section 7(e);

- (ii) for Restricted Stock Unit Awards, cause to be entered upon its books a notional account for the Participant's benefit indicating the number of Restricted Stock Units awarded, subject to forfeiture as of the Date of Grant if an Award Agreement with respect to the Restricted Stock Units covered by the Award is not duly executed by the Participant and timely returned to the Company. Until the lapse or release of the restrictions applicable to the shares subject to a Restricted Stock Unit Award, no shares of Common Stock shall be issued in respect of such Awards and, as further described in Section 7(d), no Participant shall have any rights as a stockholder of the Company with respect to the shares of Common Stock covered by such Restricted Stock Unit Award.
- (c) *Rights of Holders of Restricted Stock.* Beginning on the Date of Grant of a Restricted Stock Award and subject to execution of the related Award Agreement as provided in Section 7(b)(i), and except as otherwise provided in such Award Agreement, the Participant shall become a stockholder of the Company with respect to all shares subject to a Restricted Stock Award Agreement and shall have all of the rights of a stockholder, including, but not limited to, the right to vote such shares and the right to receive dividends; *provided, however,* that any shares of Common Stock or other securities distributed as a dividend or otherwise with respect to any Restricted Stock as to which the restrictions have not yet lapsed, shall be subject to the same restrictions as such Restricted Stock and held or restricted as provided in Section 7(b)(i), and provided further that any cash dividends payable on any such Restricted Stock shall be distributed only when, and to the extent that, such restrictions have lapsed and the Committee may provide that such cash dividends shall be deemed to have been reinvested in additional shares of Common Stock.
- (d) *Rights of Holders of Restricted Stock Units.*
 - (i) *Settlement of Restricted Stock Units.* Restricted Stock Units may be settled in cash or Common Stock, as determined by the Committee and set forth in the Award Agreement. The Award

Agreement shall also set forth whether the Restricted Stock Units shall be settled (1) within the time period specified for “short-term deferrals” under Section 409A or (2) in compliance with the requirements of Section 409A, in which case the Award Agreement shall specify the date (or event) upon which such Restricted Stock Units shall be settled.

- (ii) *Voting and Dividend Rights.* Holders of Restricted Stock Units shall not have rights as stockholders of the Company with respect to the shares of Common Stock covered by such Restricted Stock Unit Award, including the right to vote such shares and the right to receive dividends; *provided, however,* that the Committee may, in its sole discretion, award a Participant dividend equivalents with respect to a Restricted Stock Unit Award in accordance with Section 18 of the Plan.
- (iii) *Creditor’s Rights.* A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

(e) *Delivery of Award*

- (i) *Restricted Stock.* Upon expiration or earlier termination of the restricted period without a forfeiture and the satisfaction of or release from any other conditions prescribed by the Committee, or at such earlier time as provided under Section 7(g), the restrictions applicable to the Restricted Stock shall lapse. As promptly as administratively feasible thereafter, subject to the requirements of Section 13 (regarding tax withholding), the Company shall deliver to the Participant or, in case of the Participant’s death, to the Participant’s Beneficiary, one or more share certificates for the appropriate number of shares of Common Stock, or a statement from the Company representing that such shares have been issued, are in book entry form and are free of all such restrictions, except for any restrictions that may be imposed by law.
- (ii) *Restricted Stock Units.* Upon expiration or earlier termination of the restricted period without a forfeiture and the satisfaction of or release from any other conditions prescribed by the Committee, or at such earlier time as provided under Section 7(g), the restrictions applicable to the Restricted Stock Units shall lapse. As promptly as administratively feasible thereafter, subject to the requirements of Section 13 (regarding tax withholding), but no later than ninety (90) days following such event the Company shall deliver to the

Participant or, in case of the Participant's death, to the Participant's Beneficiary, (1) a cash payment equal to the number of Restricted Stock Units as to which such restrictions have lapsed multiplied by the Fair Market Value of a share of Common Stock as of the date the restrictions lapsed, (2) solely in the Committee's discretion, one or more share certificates registered in the name of the Participant, for the appropriate number of shares of Common Stock, or a statement from the Company representing that such shares have been issued, are in book entry form and are free of all restrictions, except for any restrictions that may be imposed by law, or (3) any combination of cash and shares of Common Stock.

- (f) *Forfeiture.* Restricted Stock shall be forfeited and returned to the Company, and Restricted Stock Units shall be forfeited, and all rights of the Participant with respect to such Restricted Stock or Restricted Stock Units shall terminate unless the Participant continues in the service of the Company, a Subsidiary or an Affiliate until the expiration of the restricted period for such Restricted Stock or Restricted Stock Unit Award and satisfies any and all other conditions set forth in the Award Agreement. The Committee shall determine the restricted period (which may, but need not, lapse in installments) and any other terms and conditions applicable with respect to any Restricted Stock or Restricted Stock Unit Award, which shall be set forth in the Award Agreement.
- (g) *Committee Discretion.* Notwithstanding anything contained in this Section 7 to the contrary, the Committee may, in its sole discretion, waive the forfeiture period and any other conditions set forth in any Award Agreement under appropriate circumstances (including, but not limited to, the death, Disability or Retirement of the Participant or a material change in circumstances arising after the date of an Award) and subject to such terms and conditions (including forfeiture of a proportionate number of the Restricted Stock or Restricted Stock Units) as the Committee shall deem appropriate.

Section 8. Performance Awards and Incentive Awards

- (a) *Performance Goals.* Notwithstanding anything else contained in the Plan to the contrary, the Committee may determine on the Date of Grant, that any Restricted Stock or Restricted Stock Unit granted to a Participant shall be a Performance Award and shall vest only upon the determination by the Committee that Performance Goals established by the Committee have been attained, in whole or in part. Such performance goals, the business criteria upon which they are based, and the weights or other formulas to be applied to any such business criteria shall be set forth in writing by the Committee. A "Performance Goal" means a performance objective that is stated with respect to one or more of the following business criteria, either individually or in combination, applied to the Participant or to the

Company, a Subsidiary or an Affiliate as a whole or to individual units thereof, and measured either absolutely or relative to a designated group of comparable companies: (i) cash flow, (ii) earnings per share, (iii) earnings before interest, taxes, depreciation, and amortization (EBITDA), (iv) return on equity, (v) total stockholder return, (vi) return on capital, (vii) return on assets or net assets, (viii) revenue, (ix) income or net income, (x) operating income or net operating income, (xi) operating profit or net operating profit, (xii) operating margin, (xiii) return on operating revenue, (xiv) customer satisfaction, (xv) market share, (xvi) expenses, (xvii) credit rating, (xviii) mergers and acquisitions or divestitures, (xix) product development, (xx) intellectual property, (xxi) manufacturing, production or inventory, (xxii) price/earnings ratio, (xxiii) liquidity, (xxiv) financings, (xxv) cash, (xxvi) cost of goods sold, (xxvii) economic value added, (xxviii) accounts receivable, (xxix) number of customers and (xxx) gross profit margin. The Participant's rights in the Performance Award shall become exercisable, transferable or nonforfeitable only to the extent that the Committee certifies in writing that such objectives have been achieved. A Performance Goal may be expressed on an absolute basis or relative to the performance of one or more similarly situated companies or a published index. When establishing Performance Goals, the Committee may exclude any or all special, unusual or extraordinary items as determined under U.S. generally accepted accounting principles, including, without limitation, the charges or cost associated with restructurings of the Company, discontinued operations, other unusual or non-recurring items and the cumulative effects of accounting changes. The Committee may also adjust Performance Goals as it deems equitable in recognition of unusual or non-recurring events affecting the Company, changes in applicable tax laws or accounting principles or such other factors as the Committee may determine.

- (b) *Maximum Performance Award.* The maximum, aggregate amount that can be awarded to any one Participant pursuant to Performance Awards in one (1) Plan Year is five hundred thousand (500,000) shares of Common Stock.
- (c) *Incentive Awards.* The Committee shall designate Participants to whom Incentive Awards are made for incentive compensation opportunities. All Incentive Awards shall be finally determined exclusively by the Committee under the procedures established by the Committee.
- (d) *Terms And Conditions Of Incentive Awards.* The Committee, at the time an Incentive Award is made, shall specify the terms and conditions which govern the award. Such terms and conditions may include, by way of example and not of limitation, requirements that the Participant complete a specified period of employment with the Company or a Subsidiary or Affiliate, or that the Company, a Subsidiary or Affiliate, or the Participant attain stated objectives or goals, including objectives stated with respect to Performance Goals as a condition to earning an Incentive Award. The period for determining whether such requirements are satisfied shall be at least one year. The maximum, aggregate amount that can be awarded to any one Participant for Incentive Awards denominated in shares of Common Stock in one Plan Year is five hundred thousand (500,000) shares of Common Stock and the maximum, aggregate amount that can be

awarded to any one Participant under one or more Incentive Awards denominated in cash in one Plan Year is three million five hundred thousand dollars (\$3,500,000).

- (e) *Incentive Awards not subject to Liability.* No right or interest of a Participant in an Incentive Award shall be liable for, or subject to, any lien, obligation, or liability of such Participant.
- (f) *Settlement of Incentive Awards.* An Incentive Award that is earned shall be settled with a single lump sum payment which may be in cash, shares of Common Stock or a combination of cash of Common Stock, as determined by the Committee.
- (g) *Stockholder Rights.* No Participant shall, as a result of receiving an Incentive Award, have any rights as a stockholder of the Company until the date that the Incentive Award is settled and then only to the extent that the Incentive Award is settled by the issuance of Common Stock.
- (h) *Employee Status for Performance Awards and Incentive Awards.* Notwithstanding Section 1(ff), if the terms of an Incentive Award or a Performance Award provide that a payment will be made thereunder only if the Participant completes a stated period of employment or continued service the Committee may decide to what extent leaves of absence for governmental or military service, illness, temporary disability or other reasons shall not be deemed interruptions of continuous employment or service.

Section 9. Change in Control

- (a) “Change in Control” means:
 - (i) the Company is merged into or consolidated with another corporation or other entity and as a result of such merger or consolidation less than seventy percent (70%) of the combined voting power of the outstanding voting securities of the surviving or resulting corporation or other entity shall, after giving effect to such merger or consolidation, be “beneficially owned” (within the meaning of Sections 13(d) and 14(d) of Exchange Act) in the aggregate, directly or indirectly, by the former stockholders of the Company (excluding from such computation any such securities beneficially owned, directly or indirectly, by “affiliates” of the Company as defined in Rule 12b-2 under the Exchange Act and such securities so beneficially owned, directly or indirectly, by a party to such merger or consolidation), provided however, that Company securities acquired directly from the Company shall be disregarded for this purpose,
 - (ii) the Company shall sell all or substantially all of its assets to any other person or entity (other than a wholly-owned subsidiary),
 - (iii) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any Company owned, directly or indirectly, by the stockholders of the

Company in substantially the same proportions as their ownership of stock of the Company), is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities, provided however, that Company securities acquired directly from the Company shall be disregarded for this purpose,

- (iv) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (i), (ii), (iii) or (v) of this Section 9(a) and other than a director initially elected or nominated as a result of an actual or threatened election contest with respect to directors) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of a majority of the directors then still in office who either (x) were directors at the beginning of such period or (y) were so elected or nominated with such approval, cease for any reason to constitute at least a majority of the Board, or
- (v) the Company shall become subject for any reason to a voluntary or involuntary dissolution or liquidation.

In addition, if a Change in Control (as defined in clauses (i), (ii), (iii), (iv) or (v) above) constitutes a payment event with respect to any Stock Option, Stock Appreciation Right, Performance Award, Restricted Stock Unit award, Incentive Award or Restricted Stock that provides for the deferral of compensation and is subject to Section 409A of the Code, no payment will be made under that award on account of a Change in Control unless the event described in clause (i), (ii), (iii), (iv) or (v) above, as applicable, constitutes a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5).

- (b) “Control Change Date” means the date on which a Change in Control occurs. If a Change in Control occurs on account of a series of transactions, the Control Change Date is the date of the last of such transactions.
- (c) *Impact Of Change In Control.* Unless an outstanding award is assumed in accordance with Section 9(d) and notwithstanding any other provision of the Plan, upon a Control Change Date, the Committee is authorized to, and in its discretion, may provide that (i) a Stock Option and Stock Appreciation Right shall be fully exercisable thereafter, (ii) Restricted Stock will become transferable and nonforfeitable thereafter, (iii) Restricted Stock Units shall be earned in their entirety and converted into transferable and nonforfeitable Restricted Stock, (iv) the performance goals to which the vesting of Performance Awards are subject shall be deemed to be met at target, such that Performance Awards immediately become fully vested, and (v) an Incentive Award shall be earned, in whole or in part, in accordance with the terms of the applicable Agreement.

- (d) *Assumption Upon Change In Control.* In the event of a Change in Control the Committee, in its discretion and without the need for a Participant's consent, may provide that an outstanding Stock Option, Stock Appreciation Right, award of Restricted Stock, Restricted Stock Unit, Performance Award or Incentive Award shall be assumed by, or a substitute award granted by, the surviving entity in the Change in Control. Such assumed or substituted award shall be of the same type of award as the original Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award or Incentive Award being assumed or substituted. The assumed or substituted award shall have a value, as of the Control Change Date, that is substantially equal to the value of the original award (or the difference between the Fair Market Value and the exercise price in the case of Stock Options and Stock Appreciation Rights) as the Committee determines is equitably required and such other terms and conditions as may be prescribed by the Committee.
- (e) *Cash-Out Upon Change In Control.* Unless an outstanding award is assumed in accordance with Section 9(d), in the event of a Change in Control the Committee, in its discretion and without the need of a Participant's consent, may provide that each Stock Option, Stock Appreciation Right, Performance Award, Incentive Award, award of Restricted Stock and Restricted Stock Unit shall be cancelled in exchange for a payment. The payment may be in cash, shares of Common Stock or other securities or consideration received by Company stockholders in the Change in Control transaction. The amount of the payment shall be an amount that is substantially equal to (i) the amount by which the price per share received by Company stockholders in the Change in Control exceeds the Stock Option exercise price in the case of a Stock Option and Stock Appreciation Right, or (ii) the price per share received by stockholders for each share of Common Stock subject to an award of Restricted Stock or Restricted Stock Units or an Incentive Award.

Section 10. Transferability; Successors

Awards granted under the Plan may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. Any act in violation of this Section 10 shall be void. Notwithstanding the foregoing, the Committee may permit further transferability of Awards other than Incentive Stock Options, on a general or specific basis, and may impose conditions and limitations on any permitted transferability.

The provisions of the Plan shall be binding upon and inure to the benefit of all successors of any person receiving Common Stock of the Corporation pursuant to the Plan, including, without limitation, the estate of such person and the executors, administrators or trustees thereof, the heirs and legatees of such person, and any receiver, trustee in bankruptcy or representative of creditors of such person.

Section 11. Amendments and Termination

The Board may amend, alter or discontinue the Plan at any time, provided that (i) no amendment, alteration or discontinuation shall be made which would materially impair the rights of a Participant in respect of any outstanding Award hereunder without such Participant's prior consent; and (ii) an amendment shall be contingent on approval of the Company's stockholders to the extent stated by the Committee or required by applicable law or stock exchange listing requirements.

Subject to the above provisions, the Board shall have broad authority to amend the Plan to take in to account changes in applicable securities and tax laws and accounting rules, as well as other developments.

Section 12. Company's Right to Terminate Retention; Exclusivity

Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements or modifying existing compensation arrangements for Participants, subject to stockholder approval if such approval is required by applicable statute, rule or regulation; and such arrangements either may be generally applicable or applicable only in specific cases. Neither the adoption of the Plan nor a grant to a Participant of any Award shall confer upon any Participant any right to continued employment or service with the Company.

Section 13. Tax Withholding

The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local or other applicable taxes (including the Participant's FICA obligation or other social taxes) required by law to be withheld (collectively, the "Withholding Tax Obligation") (i) with respect to the vesting of or other lapse of restrictions applicable to an Award, (ii) upon the exercise of a Stock Option or Stock Appreciation Right, or (iii) otherwise due in connection with an Award.

At the time of such vesting, lapse, or exercise, the Participant shall pay to the Company any amount that the Company may reasonably determine to be necessary to satisfy the Withholding Tax Obligation. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit the Participant to elect to satisfy the Withholding Tax Obligation, in whole or in part, by (a) paying the Company cash; (b) having the Company withhold shares of Common Stock having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction; and/or (c) tendering previously acquired, unencumbered shares of Common Stock having an aggregate Fair Market Value equal to the minimum statutory total tax which could be imposed on the transaction. All such elections shall be irrevocable, made in writing (including by electronic mail), and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

If the Participant fails to make an election with respect to the method by which the Withholding Tax Obligation shall be satisfied or fails to pay the Withholding Tax Obligation, in whole or in part, by means of the elected method, the Company may cause the Withholding Tax Obligation to be satisfied by the Company withholding shares of Common Stock otherwise deliverable in connection with the Award that have a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction.

Section 14. Choice of Law

The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

Section 15. Governmental and Other Regulations and Restrictions

- (a) *In General.* The issuance by the Company of any shares of Common Stock pursuant to the Plan shall be subject to all applicable laws, rules and regulations and to such approvals by governmental agencies as may be required.
- (b) *Registration of Shares.* The Company shall use its reasonable commercial efforts to cause the shares of Common Stock issuable in connection with this Plan to be registered under the Securities Act of 1933, as amended (the “**Securities Act**”), but shall otherwise be under no obligation to register any shares of Common Stock issued under the Plan under the Securities Act or otherwise. If, at the time any shares of Common Stock are issued pursuant to the Plan, there shall not be on file with the Securities and Exchange Commission an effective Registration Statement under the Securities Act covering such shares of Common Stock, the Participant to whom such shares are to be issued will execute and deliver to the Company upon receipt by him or her of any such shares an undertaking, in form and substance satisfactory to the Company, that (i) such Participant has had access or will, by reason of such person's employment or service with the Company, or otherwise, have access to sufficient information concerning the Company to enable him or her to evaluate the merits and risks of the acquisition of shares of the Company's Common Stock pursuant to the Plan, (ii) such Participant has such knowledge and experience in financial and business matters that such person is capable of evaluating such acquisition, (iii) it is the intention of such Participant to acquire and hold such shares for investment and not for the resale or distribution thereof, (iv) such Participant will comply with the Securities Act and the Exchange Act with respect to such shares, and (v) such Participant will indemnify the Company for any cost, liability and expense that the Company may sustain by reason of any violation of the Securities Act or the Exchange Act occasioned by any act or omission on his or her part with respect to such shares.
- (c) *Resale of Shares.* Without limiting the generality of Section 10, shares of Common Stock acquired pursuant to the Plan shall not be sold, transferred or otherwise disposed of unless and until (i) such shares shall have been registered by the Company under the Securities Act, (ii) the Company

shall have received either a “no action” letter from the Securities and Exchange Commission or an opinion of counsel acceptable to the Company to the effect that such sale, transfer or other disposition of the shares may be effected without such registration, or (iii) such sale, transfer or disposition of the shares is made pursuant to Rule 144 of the General Rules and Regulations promulgated under the Securities Act, as the same may from time to time be in effect, and the Company shall have received an opinion of counsel acceptable to the Company to such effect.

- (d) *Legend on Certificates.* The Company may require that any certificate evidencing shares issued pursuant to the Plan bear a restrictive legend and be subject to stop-transfer orders or other actions, intended to effect compliance with the Securities Act or any other applicable regulatory measure.

Section 16. Election With Respect to Restricted Property

A Participant who receives an award of Restricted Stock including Restricted Stock granted as a Performance Award (but not Restricted Stock Units) shall be entitled to make, at his or her discretion, within thirty (30) days of receipt of such restricted property and in accordance with applicable laws and regulations, the election provided for under Section 83(b) of the Code to be taxed on the fair market value of such restricted property at the time it is received. Participants should consult their individual tax advisors as to the tax consequences to them of the election under Section 83(b).

Section 17. Section 409A

The Plan is intended to provide either stock-based compensation that is not governed by Section 409A or for the deferral of compensation pursuant to a nonqualified deferred compensation plan that complies with the requirements of Section 409A. With respect to any Awards granted under this Plan that provide for the deferral of compensation that is governed by Section 409A, the Plan shall be interpreted in a manner consistent with Section 409A and in the event that any provision that is necessary for the Plan to comply with Section 409A is determined by the Committee, in its sole discretion, to have been omitted, such omitted provision shall be deemed included herein and is hereby incorporated as part of the Plan. Any payments described in the Plan that are due within the “short-term deferral period” as defined in Section 409A shall not be treated as deferred compensation unless applicable laws require otherwise. Notwithstanding anything to the contrary in the Plan, to the extent required to avoid accelerated taxation and tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6) month period immediately following the Participant’s “separation from service” as defined in Section 409A shall instead be paid on the first payroll date after the six-month anniversary of the Participant’s “separation from service” (or the Participant’s death, if earlier). In addition, and notwithstanding any provision of the Plan to the contrary, the Company reserves the right to amend the Plan or any Award granted under the Plan, by action of the Committee, without the consent of any affected Participant, to the extent deemed necessary or appropriate for purposes of maintaining compliance with Section

409A and the regulations promulgated thereunder. Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Participant under Section 409A and neither the Company nor the Committee will have any liability to any Participant for such tax or penalty.

Section 18. Dividend Equivalents

For any Restricted Stock Units granted under the Plan, the Committee shall have the discretion, upon the Date of Grant or thereafter, to provide for the payment of dividend equivalents to the Participant in connection with such Award or to establish a Dividend Equivalent Account with respect to the Award, and the applicable Award Agreement or an amendment thereto shall confirm the terms of such arrangement. For purposes of payment of dividend equivalents or settlement of any Dividend Equivalent Account, the amount to be paid or otherwise settled (if expressed in cash) shall be rounded to the nearest cent (\$0.01). If a Dividend Equivalent Account is established, the following terms shall apply:

- (i) Dividend Equivalent Accounts shall be subject to such terms and conditions as the Committee shall determine and as shall be set forth in the applicable Award Agreement. Such terms and conditions may include, without limitation, for the Participant's Account to be credited as of the record date of each cash dividend on the Common Stock with an amount (expressed either in cash or shares of Common Stock of equivalent Fair Market Value) equal to the cash dividends which would be paid with respect to the number of shares of Common Stock then covered by the related Award if such shares of Common Stock had been owned of record by the Participant on such record date.
- (ii) Dividend Equivalent Accounts shall be established and maintained only on the books and records of the Company and no assets or funds of the Company shall be set aside, placed in trust, removed from the claims of the Company's general creditors, or otherwise made available until such amounts are actually payable as provided hereunder.
- (iii) Dividend equivalents and amounts credited to a Dividend Equivalent Account with respect to any Performance Award or Restricted Stock Unit shall be distributed only when, and to the extent that, the underlying Award is earned.
- (iv) Notwithstanding the foregoing, the right to any dividends or dividend equivalents declared and paid on the number of shares underlying the Award may not be contingent, directly or indirectly, on the exercise of the Award, and any Award providing a right to dividend equivalents must comply with or qualify for an exemption from Section 409A.

Section 19. Cancellation and Rescission of Awards

The Committee or the Board of Directors may cancel, rescind, suspend or otherwise limit or restrict any unexpired Award at any time if a Participant engages in “Detrimental Activity.”

Section 20. Certain Reduction of Parachute Payments

The benefits that a Participant may be entitled to receive under this Plan and other benefits that a Participant is entitled to receive under other plans, agreements and arrangements (which, together with the benefits provided under this Plan, are referred to as “Payments”), may constitute Parachute Payments that are subject to Code Sections 280G and 4999. As provided in this Section 20, the Parachute Payments will be reduced pursuant to this Section 20 if, and only to the extent that, a reduction will allow a Participant to receive a greater Net After Tax Amount than a Participant would receive absent a reduction.

The Accounting Firm will first determine the amount of any Parachute Payments that are payable to a Participant. The Accounting Firm also will determine the Net After Tax Amount attributable to the Participant’s total Parachute Payments.

The Accounting Firm will next determine the largest amount of Payments that may be made to the Participant without subjecting the Participant to tax under Code Section 4999 (the “Capped Payments”). Thereafter, the Accounting Firm will determine the Net After Tax Amount attributable to the Capped Payments.

The Participant will receive the total Parachute Payments or the Capped Payments, whichever provides the Participant with the higher Net After Tax Amount. If the Participant will receive the Capped Payments, the total Parachute Payments will be adjusted by first reducing the amount of any benefits under this Plan or any other plan, agreement or arrangement that are not subject to Section 409A of the Code (with the source of the reduction to be directed by the Committee) and then by reducing the amount of any benefits under this Plan or any other plan, agreement or arrangement that are subject to Section 409A of the Code (with the source of the reduction to be directed by the Committee) in a manner that results in the best economic benefit to the Participant (or, to the extent economically equivalent, in a pro rata manner). The Accounting Firm will notify the Participant and the Company if it determines that the Parachute Payments must be reduced to the Capped Payments and will send the Participant and the Company a copy of its detailed calculations supporting that determination.

As a result of the uncertainty in the application of Code Sections 280G and 4999 at the time that the Accounting Firm makes its determinations under this Section 20, it is possible that amounts will have been paid or distributed to the Participant that should not have been paid or distributed under this Section 20 (“Overpayments”), or that additional

amounts should be paid or distributed to the Participant under this Section 20 (“Underpayments”). If the Accounting Firm determines, based on either the assertion of a deficiency by the Internal Revenue Service against the Company or the Participant, which assertion the Accounting Firm believes has a high probability of success or controlling precedent or substantial authority, that an Overpayment has been made, the Participant must repay to the Company, without interest; provided, however, that no loan will be deemed to have been made and no amount will be payable by the Participant to the Company unless, and then only to the extent that, the deemed loan and payment would either reduce the amount on which the Participant is subject to tax under Code Section 4999 or generate a refund of tax imposed under Code Section 4999. If the Accounting Firm determines, based upon controlling precedent or substantial authority, that an Underpayment has occurred, the Accounting Firm will notify the Participant and the Company of that determination and the amount of that Underpayment will be paid to the Participant promptly by the Company.

For purposes of this Section 20, the term “Accounting Firm” means the independent accounting firm engaged by the Company immediately before the Control Change Date. For purposes of this Section 20, the term “Net After Tax Amount” means the amount of any Parachute Payments or Capped Payments, as applicable, net of taxes imposed under Code Sections 1, 3101(b) and 4999 and any State or local income taxes applicable to the Participant on the date of payment. The determination of the Net After Tax Amount shall be made using the highest combined effective rate imposed by the foregoing taxes on income of the same character as the Parachute Payments or Capped Payments, as applicable, in effect on the date of payment. For purposes of this Section 20, the term “Parachute Payment” means a payment that is described in Code Section 280G(b)(2), determined in accordance with Code Section 280G and the regulations promulgated or proposed thereunder.

Nothing in this Section 20 shall limit or otherwise supersede the provisions of any other agreement or plan which provides that a Participant cannot receive Payments in excess of the Capped Payments.

Section 21. Return of Awards; Repayment

Each Award granted under this Plan is subject to the condition that the Company may require that such award be returned, and that any payment made with respect to such award must be repaid, if such action is required under the terms of any Company recoupment or “clawback” policy as in effect on the date that the payment was made, on the date the award was granted or the date the Stock Option or Stock Appreciation Right was exercised or the date any Restricted Stock, Restricted Stock Unit or Performance Award or Incentive Award became vested or earned.

Section 22. Term of Plan

This Plan shall be effective upon its approval by the stockholders of the Company (the “Effective Date”). It shall continue in effect until May 18, 2030, the day before the tenth anniversary of date of Board adoption. Awards granted on or before that date shall remain valid in accordance with their terms, notwithstanding the expiration of the Plan.

3D SYSTEMS CORPORATION

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “**Agreement**”) is made on this 21st day of November, 2016 to become effective and commence upon December 1, 2016 (the “**Effective Date**”), by and between 3D Systems Corporation, a corporation organized and existing under the laws of the State of Delaware (“**Company**”), and Menno Ellis (“**Executive**”).

RECITALS

WHEREAS, commencing on the Effective Date, Company desires to employ Executive as Senior Vice President, Strategy and Vertical Markets, subject to the terms and conditions of this Agreement; and

WHEREAS, Executive desires to be employed by Company in the aforesaid capacity subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing premises, of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows, effective as of the Effective Date:

AGREEMENT

1. Employment.

Company hereby agrees to employ Executive, and Executive hereby accepts employment, as Senior Vice President, Strategy and Vertical Markets, or such other position as mutually agreed to between Executive and the Company pursuant to the terms of this Agreement. Executive shall have the duties and responsibilities and perform such administrative and managerial services of that position as shall be reasonably delegated or assigned to Executive by the Company from time to time. Executive shall carry out Executive’s responsibilities hereunder on a full-time basis for and on behalf of Company; provided that Executive shall be entitled to devote time to outside boards of directors, personal investments, civic and charitable activities, and personal education and development, so long as such activities do not interfere with or conflict with Executive’s duties hereunder in any material respect, and provided that Executive notifies the Corporate Governance and Nominating Committee (the “**Governance Committee**”) of the Board of Directors of Company (the “**Board**”) of any outside boards of directors on which Executive intends to serve, and the Governance Committee consents to such service, which consent may be granted or withheld in the sole discretion of the Governance Committee. Notwithstanding the foregoing, Executive agrees that, during the term of this Agreement, Executive shall not act as an officer or employee of any for profit business other than Company without the prior written consent of Company.

Executive’s primary work location will be Executive’s home office in Dallas, Texas.

2. **Term.**

The term of Executive's employment by Company under this Agreement (the "**Employment Period**") shall commence on the Effective Date and shall continue in effect through the second (2nd) anniversary of the Effective Date, unless earlier terminated as provided herein. Thereafter, unless Company or Executive shall elect not to renew the Employment Period upon the expiration of the initial term or any renewal term, which election shall be made by providing written notice of nonrenewal to the other party at least thirty (30) days prior to the expiration of the then current term, the Employment Period shall be extended for an additional twelve (12) months. If Company elects not to renew the Employment Period at the end of the initial term or any renewal term, such nonrenewal shall be treated as a termination of the Employment Period and Executive's employment without Cause by Company for the limited purpose of determining the payments and benefits available to Executive under this Agreement (e.g., Executive shall be entitled to the severance benefits set forth in Section 4.5.1). If Executive elects not to renew the Employment Period, such nonrenewal shall constitute a termination of Executive's employment and the Employment Period by Executive without Constructive Discharge, and Executive shall only be entitled to the payments and benefits set forth in Section 4.5.2.

3. **Compensation and Benefits.**

In consideration for the services Executive shall render under this Agreement, commencing upon the Effective Date, Company shall provide or cause to be provided to Executive the following compensation and benefits:

a. **Base Salary.** During the Employment Period Company shall pay to Executive an annual base salary of \$330,000 per annum, subject to all appropriate federal and state withholding taxes and which shall be payable in accordance with Company's normal payroll practices and procedures. Executive's base salary shall be reviewed annually by the Company, and may be increased in the sole discretion of the Company based on Executive's performance during the preceding calendar year. Executive's base salary, as such base salary may be increased hereunder, is hereinafter referred to as the "**Base Salary.**"

b. **Performance Bonuses.** Executive shall be eligible to receive cash bonuses in accordance with this Section 3.2 (each a "**Performance Bonus**"). Payment of any Performance Bonus will be subject to the sole discretion of the Company or the Compensation Committee of the Board (the "**Compensation Committee**"), as applicable, and such Performance Bonus shall be determined in the sole discretion of the Company or the Compensation Committee, as applicable. Subject to the foregoing exercise of discretion, Executive's annual target Performance Bonus shall be not less than 50% of Executive's Base Salary (the "**Target Performance Bonus**"), provided that the actual Performance Bonus shall be based on performance, which may be less than or exceed the Target Performance Bonus. Performance Bonuses, if any, shall be paid according to the terms of the bonus plan or program in which Executive participates from time to time. Subject to Section 4.5.1 and Section 4.5.3 below, Executive must be employed to be entitled to any portion of any Performance Bonus, and the Performance Bonus shall not be considered earned under this Agreement until such Bonus is

paid. For sake of clarity, Executive shall not be eligible for a Performance Bonus related to the calendar year 2016.

c. Benefits. During the Employment Period and as otherwise provided hereunder, Executive shall be entitled to the following:

i. Vacation. Executive shall be entitled to participate in the Company's vacation policy for similarly-situated executives of the Company.

ii. Participation in Benefit Plans. Executive shall be entitled to health and/or dental benefits, including immediate coverage for Executive and Executive's eligible dependents, which are generally available to Company's executive employees and as provided by Company, subject to the terms of its group health insurance plan. In addition, Executive shall be entitled to participate in any profit sharing plan, retirement plan, group life insurance plan or other insurance plan or medical expense plan maintained by Company for its executives generally, in accordance with the general eligibility criteria therein and subject to the terms of any applicable plan. Nothing in this Agreement shall be construed as a promise to provide any particular benefit, should the Company decide to discontinue or amend any particular benefit plan for other executives.

iii. Perquisites. Executive shall be entitled to such other benefits and perquisites that are generally available to Company's executive employees and as provided in accordance with Company's plans, practices, policies and programs for executive employees of Company.

d. Expenses. Company shall reimburse Executive for proper and necessary expenses incurred by Executive in the performance of Executive's duties under this Agreement from time to time upon Executive's submission to Company of invoices of such expenses in reasonable detail and subject to all standard policies and procedures of Company with respect to such expenses.

e. Stock Awards. Executive shall be eligible to participate in any applicable stock bonus, restricted stock award, restricted stock unit, stock option, or similar plan, if any, implemented by Company and generally available to its executive employees. The amount of the awards, if any, made thereunder shall be in the sole discretion of the Board or Compensation Committee. Any such award that may be granted shall be subject to the terms of any applicable plan or agreement, and Executive shall not be entitled to any award if Executive does not sign, or comply with, the terms of any plan or agreement required for the award.

f. New Hire Grant. Executive shall receive the following equity grant under the terms of the 2015 Incentive Plan of 3D Systems Corporation, the terms of which shall be reflected in one or more award agreements to be issued contemporaneously with the commencement of Executive's employment hereunder:

i. Restricted Stock Award with respect to 35,000 shares of the common stock, \$0.001 par value per share, of the Company ("**Common Stock**"), which shall vest and become exercisable in three equal annual installments during the continuation of Executive's employment hereunder;

ii..Stock Option Grant with respect to 50,000 shares of Common Stock that vest and become exercisable when the closing price of the Common Stock on the principal stock exchange on which the Company's shares are listed is \$30 per share or greater for each trading day in any 90 calendar day period during the continuation of Executive's employment hereunder;

iii..Restricted Stock Award with respect to 10,000 shares of Common Stock, which shall vest and become exercisable when the closing price of the Common Stock on the principal stock exchange on which the Company's shares are listed is \$30 per share or greater for each trading day in any 90 calendar day period during the continuation of Executive's employment hereunder;

iv..Stock Option Grant with respect to 50,000 shares of Common Stock that vest and become exercisable when the closing price of the Common Stock on the principal stock exchange on which the Company's shares are listed is \$40 per share or greater for each trading day in any 90 calendar day period during the continuation of Executive's employment hereunder; and

v..Restricted Stock Award with respect to 10,000 shares of Common Stock, which shall vest and become exercisable when the closing price of the Common Stock on the principal stock exchange on which the Company's shares are listed is \$40 per share or greater for each trading day in any 90 calendar day period during the continuation of Executive's employment hereunder.

provided, however, that notwithstanding any provision of the foregoing to the contrary, none of the awards listed above in this section shall become vested and exercisable prior to the expiration of six (6) months after the Effective Date and only if Executive's employment hereunder is continuing at that time. The awards described above shall be subject to such additional terms and conditions and documentation as may be determined by the Board or the Compensation Committee in its sole discretion.

4. **Termination of Services Prior To Expiration of Agreement.**

Executive's employment and the Employment Period may be terminated at any time as follows (the effective date of such termination hereinafter referred to as the "**Termination Date**"):

a. **Termination upon Death or Disability of Executive.**

i..Executive's employment and the Employment Period shall terminate immediately upon the death of Executive. In such event, all rights of Executive and/or Executive's estate (or named beneficiary) shall cease except for the right to receive payment of the amounts set forth in Section 4.5.3 of the Agreement.

ii..Company may terminate Executive's employment and the Employment Period upon the disability of Executive. For purposes of this Agreement, Executive shall be deemed to be "**disabled**" if Executive, as a result of illness or incapacity, shall be unable to perform substantially Executive's required duties for a period of three (3) consecutive months or for any

aggregate period of three (3) months in any six (6) month period. In the event of a dispute as to whether Executive is disabled, Company may refer Executive to a licensed practicing physician who is mutually acceptable to Executive and Company, and Executive agrees to submit to such tests and examination as such physician shall deem appropriate to determine Executive's capacity to perform the services required to be performed by Executive hereunder. In such event, the parties hereby agree that the decision of such physician as to the disability of Executive shall be final and binding on the parties. Any termination of the Employment Period under this Section 4.1.2 shall be effected without any adverse effect on Executive's rights to receive benefits under any disability policy of Company, but shall not be treated as a termination without Cause and Executive shall be entitled to no further benefits or compensation under this Agreement.

b. Termination by Company for Cause. Company may terminate Executive's employment and the Employment Period for Cause (as defined herein) upon written notice to Executive, which termination shall be effective on the date specified by Company in such notice; provided, however, that in respect of Sections 4.2.1 and 4.2.4 only, Executive shall have a period of ten (10) days after the receipt of the written notice from Company to cure the particular action or inaction, to the extent a cure is possible. For purposes of this Agreement, the term "**Cause**" shall mean:

i.The willful failure by Executive to perform Executive's duties and obligations hereunder in any material respect, as determined by the Chief Executive Officer in his reasonable judgment, other than any such failure resulting from the disability of Executive;

ii.Executive's commission of a crime or offense involving the property of Company, or any crime or offense constituting a felony or involving fraud or moral turpitude;

iii.Executive's violation of any law, which violation is materially injurious or could reasonably be expected to be materially injurious to the operations, prospects or reputation of Company;

iv.Executive's material violation of this Agreement or any generally recognized policy of Company or Executive's refusal to follow Company's reasonable and lawful instructions;

v.Executive's commission, by act or omission, of any material act of dishonesty in performing employment duties; or

vi.Executive's use of alcohol or illegal drugs that interferes with performing employment duties, as determined by the Company.

Any notice of termination for Cause provided to Executive pursuant to Sections 4.2.1, 4.2.4 or 4.2.5 shall specify in reasonable detail specific facts regarding any such assertion.

c. Termination by Company without Cause; Termination by Executive without Constructive Discharge. Executive may terminate Executive's employment and the Employment Period at any time for any reason upon thirty (30) days' prior written notice to

Company. Company may terminate Executive's employment and the Employment Period without Cause effective immediately upon written notice to Executive. Upon termination of Executive's employment with Company for any reason, Executive shall be deemed to have resigned from all positions with the Company and each of its subsidiaries and shall take all appropriate steps and cooperate with Company to effect such terminations (provided, that any such deemed resignations shall not affect Executive's entitlement (if any) to severance pay and benefits hereunder).

d. Termination by Executive for Constructive Discharge.

i. Executive may terminate Executive's employment and the Employment Period, in accordance with the process set forth below, as a result of a Constructive Discharge. For purposes of this Agreement "**Constructive Discharge**" shall mean the occurrence of any of the following:

(i) a failure of Company to meet its obligations in any material respect under this Agreement, including, without limitation, (x) a greater than 10% reduction in Base Salary or (y) any failure to pay the Base Salary (other than, in the case of clause (y), the inadvertent failure to pay a de minimis amount of the Base Salary, which payment is immediately made by Company upon notice from Executive); or

(ii) a material diminution in or other substantial adverse alteration in the nature or scope of Executive's responsibilities, authority, or duties with Company from those in effect on the Effective Date.

In the event of the occurrence of a Constructive Discharge, Executive shall have the right to terminate Executive's employment hereunder and receive the benefits set forth in Section 4.5.1 below, upon delivery of written notice to Company no later than the close of business on the sixtieth (60th) day following the effective date of the Constructive Discharge; provided, however, that such termination shall not be effective until the expiration of thirty (30) days after receipt by Company of such written notice if Company has not cured such Constructive Discharge within the 30-day period. If Company so effects a cure, the Constructive Discharge notice shall be deemed rescinded and of no force or effect. Notwithstanding the foregoing, such notice and lapse of time shall not be required with respect to any event or circumstance which is the same or substantially the same as an event or circumstance with respect to which notice and an opportunity to cure has been given within the previous six (6) months. The Termination Date due to Constructive Discharge shall be the date of Executive's "separation from service" (within the meaning of Treas. Reg. Section 1.409A1(h)).

e. **Rights upon Termination.** Upon termination of Executive's employment and the Employment Period, the following shall apply:

i. **Termination by Company Without Cause or for Constructive Discharge.** If Company terminates Executive's employment and the Employment Period without Cause, or if Executive terminates Executive's employment and the Employment Period as a result of a Constructive Discharge, Executive shall be entitled to receive payment of any Base Salary

amounts that have accrued but have not been paid as of the Termination Date, and the unpaid Performance Bonus, if any, with respect to the calendar year preceding the calendar year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner that it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period). In addition, subject to Sections 4.5.2 and 4.7, below, Company shall, subject to Sections 8.13, 8.14 and 8.15, be obligated to pay Executive (or provide Executive with) the following benefits as severance:

(1) an amount equal to Executive's Base Salary, payable in twelve (12) equal monthly installments commencing on the Termination Date, such amount to be payable regardless of whether Executive obtains other employment and is compensated therefor (but only so long as Executive is not in violation of any provision of Section 5) (with the first two (2) installments to be paid on the sixtieth (60th) day following the Termination Date and the remaining ten (10) installments being paid on the ten (10) following monthly anniversaries of such date);

(2) any unused vacation time accrued in the calendar year in which the Termination Date occurs; and

(3) if Executive elects to continue Executive's then current enrollment (including family enrollment, if applicable) in the health and/or dental insurance benefits set forth in Section 3.3.2 in accordance with COBRA, then for a period of up to nine (9) months following the Termination Date, the Company will continue to pay a portion of the premiums such that Executive's contribution to such plans will remain the same as if Executive were employed by Company, such contributions to be paid by Executive in the same period (e.g., monthly, bi-weekly, etc.) as all other employees of Company (but deductions from Executive's monthly severance payments may be deemed acceptable for this purpose in the discretion of Company); provided, however that Company may terminate such coverage if payment from Executive is not made within ten (10) days of the date on which Executive receives written notice from Company that such payment is due; and provided, further, that such benefits shall be discontinued earlier to the extent that Executive is no longer eligible for COBRA continuation coverage. In addition, this benefit is contingent upon timely election of COBRA continuation coverage and will run concurrent with the COBRA period. Executive acknowledges and agrees that the amount of any such premiums paid by the Company will constitute taxable wages for income and employment tax purposes.

For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive the foregoing payments shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment.

ii..Termination With Cause by Company or Without Constructive Discharge by Executive. If Company terminates Executive's employment and the Employment Period with Cause, or if Executive terminates Executive's employment and the Employment Period other than as a result of a Constructive Discharge, (i) Company shall be obligated to pay Executive any Base Salary amounts that have accrued but have not been paid as of the Termination Date, (ii) any unpaid Performance Bonus to which Executive otherwise would be entitled shall be

forfeited; and (iii) any unused vacation time accrued in the calendar year in which the Termination Date occurs.

iii. Termination Upon Death or Disability. If Executive's employment and the Employment Period are terminated because of the death of Executive or because Executive is disabled, Company shall, subject to Sections 8.13 and 8.14, be obligated to pay Executive or, if applicable, Executive's estate, the following amounts: (i) earned but unpaid Base Salary; (ii) the unpaid Performance Bonus, if any, with respect to the calendar year preceding the calendar year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period); and (iii) any unused vacation time accrued in the calendar year in which the Termination Date occurs.

f. Effect of Notice of Termination. Any notice of termination by Company, in the discretion of the Company, whether for Cause or without Cause, may specify that, during the notice period, Executive need not attend to any business on behalf of Company.

g. Requirement of a Release; Exclusivity of Severance Payments under this Agreement. As a condition to the receipt of the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment without Cause or with Constructive Discharge, Executive shall execute and deliver to Company (without revoking during any applicable revocation period specified in the release) a general release of claims against Company and its affiliates in a customary form reasonably satisfactory to Company within forty-five (45) days following the Termination Date, which shall be in form and substance satisfactory to the Company (provided, that Executive shall not be required to release any rights under this Agreement or any other agreement with the Company or any of its affiliates with respect to any payments or obligations of the Company or such affiliates that under the terms of the applicable agreement are to be made or satisfied after the Termination Date, any rights to insurance coverage or any rights under benefit plans that by their terms survive the termination of Executive's employment, or any indemnification or related rights under Company's certificate of incorporation or Bylaws or under any indemnification agreement between Company and Executive or any rights under any director and officer liability insurance policy maintained by Company for the benefit of Executive). In addition, the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment shall constitute the exclusive payments in the nature of severance or termination pay or salary continuation which shall be due to Executive upon a termination of employment and shall be in lieu of any other such payments under any severance plan, program, policy or other arrangement which has heretofore been or shall hereafter be established by Company or any of its affiliates, other than payments to Executive under any indemnification or related rights under Company's certificate of incorporation or Bylaws or under any indemnification agreement between Company and Executive or under any director and officer liability insurance policy maintained by Company for the benefit of Executive. Without limiting Executive's obligations under Section 5.10, Executive shall furthermore agree, as a condition to Company's obligation to pay severance payments and termination benefits, to return any and all Company property and to abide by any existing restrictive covenant obligations set forth in this Agreement that survive the termination of this Agreement.

5. **Restrictive Covenants.**

The growth and development of Company and its affiliates and subsidiaries (collectively, “**3D Systems**”) depends to a significant degree on the possession and protection of its customer list, customer information and other confidential and proprietary information relating to 3D Systems’ products, services, methods, pricing, costs, research and development and marketing. All 3D Systems employees and others engaged to perform services for 3D Systems have a common interest and responsibility in seeing that such customer information and other Confidential Information, as that term is defined in Section 5.6 below, is not disclosed to any unauthorized persons or used other than for 3D Systems’ benefit. This Section 5 expresses a common understanding concerning Company’s and Executive’s mutual responsibilities. Therefore, in consideration for Company’s agreement to employ or continue to employ Executive and grant Executive access to its Confidential Information, trade secrets, customer relationships and business goodwill, and for other good and valuable consideration from Company, including, without limitation, compensation, benefits, raises, bonus payments or promotions, the receipt and sufficiency of which are hereby acknowledged, and the severance benefits payable pursuant to Section 4.5, Executive covenants and agrees as follows, which covenant and agreement is essential to this Agreement and Executive’s employment with Company:

a. Solicitation. Executive acknowledges that the identity and particular needs of 3D Systems’ customers are not generally known and were not known to Executive prior to Executive’s employment with 3D Systems; that 3D Systems has relationships with, and a proprietary interest in the identity of, its customers and their particular needs and requirements; and that documents and information regarding 3D Systems’ pricing, sales, costs and specialized requirements of 3D Systems’ customers are highly confidential and constitute trade secrets. Accordingly, Executive covenants and agrees that during the Employment Period and for a period of twelve (12) months after the Termination Date, regardless of the reason for such termination, Executive will not, except on behalf of 3D Systems during and within the authorized scope of Executive’s employment with 3D Systems, directly or indirectly, use any Confidential Information to: (i) call on, sell to, solicit or otherwise deal with any accounts, or customers of 3D Systems which Executive called upon, contacted, solicited, sold to, or about which Executive learned Confidential Information while employed by 3D Systems, for the purpose of soliciting, selling and/or providing, to any such account or customer, any products or services similar to or in competition with any products or services then being sold by 3D Systems; or (ii) solicit the services of any person who is an employee of 3D Systems; or (iii) solicit, induce or entice any employee of 3D Systems to terminate employment with 3D Systems or to work for anyone in competition with 3D Systems or its subsidiaries.

b. Non-Interference with Business Relationships. Executive covenants and agrees that during the Employment Period, Executive will not interfere with the relationship or prospective relationship between 3D Systems and any person or entity with which 3D Systems has a business relationship, or with which 3D Systems is preparing to have a business relationship.

c. Non-Competition.

Executive agrees that during the Employment Period and for a period of twelve (12) months after the Termination Date, regardless of the reason for such termination, Executive shall not, directly or indirectly, for Executive's own benefit or for the benefit of others, render services for a Competing Organization in connection with Competing Products or Services anywhere within the Restricted Territory. These prohibitions shall apply regardless of where such services physically are rendered.

For purposes of this Agreement, "**Competing Products or Services**" means products, processes, or services of any person or organization other than 3D Systems, in existence or under development, which are substantially the same, may be substituted for, or applied to substantially the same end use as any product, process, or service of 3D Systems with which Executive works or worked during the time of Executive's employment with 3D Systems or about which Executive acquires or acquired Confidential Information through Executive's work with 3D Systems and in any event includes, but is not limited to, providing 3D content-to-print solutions including 3D printers, print materials, on-demand custom parts services and 3D authoring solutions for professionals and consumers.

For purposes of this Agreement, "**Competing Organization**" means persons or organizations, including Executive, engaged in, or about to become engaged in research or development, production, distribution, marketing, providing or selling of a Competing Product or Service, specifically including but not limited to those organizations identified in a list of competitors agreed to by the Executive and the Company as of the date hereof, which list may be amended from time to time as mutually agreed to by Executive and Company to reflect reasonable restrictions on Executive and the ongoing legitimate business protection needed by Company without the need for additional consideration.

Executive agrees that, because 3D Systems' business is commonly conducted via the Internet and telephone, and because 3D Systems' customers are located across the United States and the world, an effort to narrowly limit the geographic scope of the noncompetition provision would render it ineffective. Accordingly, for purposes of this Agreement, "**Restricted Territory**" shall mean:

i.All markets in the United States and the world in which 3D Systems has conducted business or directed material resources in soliciting business in the prior twenty-four (24) month period.

ii.In the event the preceding subsection 5.3.1 shall be determined by judicial action to be unenforceable, the "Restricted Territory" shall be within the United States (including its territories) and within any other country that at any time was within the scope of Executive's employment and duties with 3D Systems.

iii.In the event the preceding subsection 5.3.2 shall be determined by judicial action to be unenforceable, the "Restricted Territory" shall be within the United States (including its territories) and within any other country that at any time during the last two (2) years of Executive's employment with 3D Systems was within the scope of Executive's employment and duties for 3D Systems.

iv..In the event the preceding subsection 5.3.3 shall be determined by judicial action to be unenforceable, the “Restricted Territory” shall be within any geographic region(s) that at any time during the last two (2) years of Executive’s employment with 3D Systems was within the scope of Executive’s employment and duties for 3D Systems.

v..In the event the preceding subsection 5.3.4 shall be determined by judicial action to be unenforceable, the “Restricted Territory” shall be within any state in the United States that at any time during the last two (2) years of Executive’s employment with 3D Systems was within the scope of Executive’s employment and duties for 3D Systems.

Executive agrees that in the event a court determines the length of time or the geographic area or the activities prohibited under this Section 5 are too restrictive to be enforceable, the court may reduce the scope of the restriction or may sever the unenforceable provision in accordance with Section 8.4 below to the extent necessary to make the restriction enforceable.

d. **Reasonableness of Restriction.** Executive acknowledges that the foregoing nonsolicitation, non-competition and non-interference restrictions placed upon Executive are necessary and reasonable to avoid the improper disclosure or use of Confidential Information, and that it has been made clear to Executive that Executive’s compliance with Section 5 of this Agreement is a material condition to Executive’s employment by Company. Executive further acknowledges and agrees that, if Executive breaches any of the requirements of Section 5.1, the restricted period set forth therein shall be tolled during the time of such breach, but not for longer than twelve (12) months.

Executive further acknowledges and agrees that 3D Systems has attempted to impose the restrictions contained hereunder only to the extent necessary to protect 3D Systems from unfair competition and the unauthorized use or disclosure of Confidential Information. However, should the scope or enforceability of any restrictive covenant be disputed at any time, Executive specifically agrees that a court may modify or enforce the covenant to the full extent it believes to be reasonable under the circumstances existing at the time.

e. **Non-Disclosure.** Executive further agrees that, other than as needed to fulfill the authorized scope of Executive’s duties with 3D Systems, Executive will not during the Employment Period or thereafter use for Executive’s benefit or for others or divulge or convey to any other person (except those persons designated by 3D Systems) any Confidential Information obtained by Executive during the period of Executive’s employment with 3D Systems. Executive agrees to observe all Company policies and procedures concerning such Confidential Information. Executive agrees that, except as may be permitted by written Company policies, Executive will not remove from Company’s premises any of such Confidential Information without the written authorization of Company. Executive’s obligations under this Agreement will continue with respect to Confidential Information until such information becomes generally available from public sources through no fault of Executive’s. During the Employment Period and thereafter Executive shall not disclose to any person the terms and conditions of Executive’s employment by 3D Systems, except: (i) to close family members, (ii) to legal and accounting professionals who require the information to provide a service to Executive, (iii) as required by law or (iv) to the extent necessary to inform a prospective or actual subsequent employer of Executive’s duties and obligations under this Agreement. If Executive is requested, becomes

legally compelled by subpoena or otherwise, or is required by a regulatory body to make any disclosure that is prohibited by this Section 5.5, Executive will, except to the extent prohibited by law, promptly notify Company so that 3D Systems may seek a protective order or other appropriate remedy if 3D Systems deems such protection or remedy necessary under the circumstances. Subject to the foregoing, Executive may furnish only that portion of Confidential Information that Executive is legally compelled or required to disclose. The restrictions set forth herein are in addition to and not in lieu of any obligations Executive may have by law with respect to Confidential Information, including any obligations Executive may have under the Uniform Trade Secrets Act and/or similar statutes as applicable in the state of Executive's residence and/or the state of Executive's primary work location. Despite the foregoing, nothing in this Agreement shall be deemed to restrict Executive from communicating with any member of the United States Congress, from giving truthful testimony in any legal proceeding instituted or maintained, or from fully and candidly cooperating in connection with any investigation, inquiry or proceeding undertaken by, any agency or representative of the United States government, any State, or any of their respective political subdivisions having authority over any aspect of Company's business operations, nor shall any such provision be deemed to require any party to seek the authority of the other in connection therewith. Further, the Executive is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

f. Definition of Confidential Information. As used herein, "**Confidential Information**" shall include, but is not limited to, the following categories of information, knowledge, or data currently known or later developed or acquired relating to 3D Systems' business or received by 3D Systems in confidence from or about third parties, in each case when the same is not in the public domain or otherwise publicly available (other than as result of a wrongful act of an agent or employee of 3D Systems):

i. Any information concerning 3D Systems' products, business, business relationships, business plans or strategies, marketing plans, contract provisions, actual or prospective suppliers or vendors, services, actual or anticipated research or development, new product development, inventions, prototypes, models, solutions, discussion guides, documentation, techniques, actual or planned patent applications, technological or engineering data, formulae, processes, designs, production plans or methods, or any related technical or manufacturing know-how or other information;

ii. Any information concerning 3D Systems' financial or profit data, pricing or cost formulas, margins, marketing information, sales representative or distributor lists, or any information relating to corporate developments (including possible acquisitions or divestitures);

iii. Any information concerning 3D Systems' current or prospective customer lists or arrangements, equipment or methods used or preferred by 3D Systems' customers, or the customers or patients of customers;

iv..Any information concerning 3D Systems' use of computer software, source code, object code, or algorithms or architecture retained in or related to 3D Systems' computer or computer systems;

v..Any personal or performance information about any 3D Systems' employee;

vi..Any information supplied to or acquired by 3D Systems under an obligation to keep such information confidential, including without limitation Protected Health Information (PHI) as that term is defined by the Health Insurance Portability and Accountability Act (HIPAA);

vii..Any information, whether or not designated as confidential, obtained or observed by Executive or other 3D Systems employees during training sessions related to Executive's work for 3D Systems;

viii..Any "trade secrets" as such term is defined by South Carolina law; and

ix..Any other information treated as trade secrets or otherwise confidential by 3D Systems.

Executive hereby acknowledges that some of this information may not be a "trade secret" under applicable law. Nevertheless, Executive agrees not to disclose it.

g. Inventions, Discoveries, and Work for Hire. Executive recognizes and agrees that all ideas, works of authorship, inventions, patents, copyrights, designs, processes (e.g., development processes), methodologies (e.g., development methodologies), machines, manufactures, compositions of matter, enhancements, and other developments or improvements and any derivative works based thereon, including, without limitation, potential marketing and sales relationships, research, plans for products or services, marketing plans, computer software (including source code and object code), computer programs, original works of authorship, characters, know-how, trade secrets, information, data, developments, discoveries, improvements, modifications, technology and algorithms, whether or not subject to patent or copyright protection (the "**Inventions**") that (i) were made, conceived, developed, authored or created by Executive, alone or with others, during the time of Executive's employment, whether or not during working hours, that relate to the business of 3D Systems or to the actual or demonstrably anticipated research or development of 3D Systems, (ii) were used by Executive or other personnel of 3D Systems during the time of Executive's employment, even if such Inventions were made, conceived, developed, authored or created by Executive prior to the start of Executive's employment, (iii) are made, conceived, developed, authored or created by Executive, alone or with others, within one (1) year from the Termination Date and that relate to the business of 3D Systems or to the actual or demonstrably anticipated research or development of 3D Systems, or (iv) result from any work performed by Executive for 3D Systems (collectively with (i)-(iii), the "**Company Inventions**") are the sole and exclusive property of Company.

Notwithstanding the foregoing, Company Inventions do not include any Inventions made, conceived, developed, authored or created by Executive, alone or with others, for which no

equipment, supplies, facility or trade secret information of 3D Systems was used and which were developed entirely on Executive's own time, unless (1) the Invention relates (A) to the business of 3D Systems, or (B) to the actual or demonstrably anticipated research or development of 3D Systems, or (2) the Company Invention results from any work performed by Executive for 3D Systems.

For the avoidance of doubt, Executive expressly disclaims any and all right title and interest in and to all Company Inventions. Executive acknowledges that Executive has and shall forever have no right, title or interest in or to any patents, copyrights, trademarks, industrial designs or other rights in connection with any Company Inventions.

Executive hereby assigns to Company all present and future right, title and interest Executive has or may have in and to the Company Inventions. Executive further agrees that (i) Executive will promptly disclose all Company Inventions to 3D Systems; and (ii) all of the Company Inventions, to the extent protectable under copyright laws, are "works made for hire" as that term is defined by the Copyright Act, 17 U.S.C. § 101, *et seq.*

At the request of and without charge to Company, Executive will do all things deemed by Company to be reasonably necessary to perfect title to the Company Inventions in Company and to assist in obtaining for Company such patents, copyrights or other protection in connection therewith as may be provided under law and desired by Company, including but not limited to executing and signing any and all relevant applications, assignments, or other instruments. Executive further agrees to provide, at Company' request, declarations or affidavits and to give testimony, in depositions, hearings or trials, in support of inventorship. These obligations continue even after the Termination Date. Company agrees that Executive will be reimbursed for reasonable expenses incurred in providing such assistance to Company. In the event Company is unable, after reasonable effort, to secure Executive's signature on any document or documents needed to apply for or prosecute any patent, copyright or other right or protection relating to any Company Invention, for any reason whatsoever, Executive hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact to act for and on Executive's behalf to execute and file any such application or other document and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, or similar protections thereon with the same legal force and effect as if executed by Executive.

For purposes of this Agreement, a Company Invention shall be deemed to have been made during Executive's employment if, during such period, the Company Invention was conceived, in part or in whole, or first actually reduced to practice or fixed in a tangible medium during Executive's employment with Company. Executive further agrees and acknowledges that any patent or copyright application filed within one (1) year after the Termination Date shall be presumed to relate to a Company Invention made during the term of Executive's employment unless Executive can provide evidence to the contrary.

h. Covenants Are Independent Elements. The parties acknowledge that the restrictive covenants contained in this Section 5 are essential independent elements of this Agreement and that, but for Executive agreeing to comply with them, Company would not continue to employ Executive and would not provide the compensation herein. Accordingly, the

existence or assertion of any claim by Executive against Company, whether based on this Agreement or otherwise, shall not operate as a defense to Company's enforcement of the covenants this Section 5. An alleged or actual breach of the Agreement by the Company will not be a defense to enforcement of the provisions of Section 5 or other obligations of Executive to the Company.

i. Prior Employment. Executive hereby agrees that during the course and scope of the employment relationship with Company, Executive shall neither disclose nor use any confidential information, invention, or work of authorship derived from, developed or obtained in any prior employment relationship, and understands that any such disclosure or use would be injurious to the economic and legal interests of Company. Executive represents that Executive has informed Company of any non-competition, non-solicitation, confidentiality, work-for-hire or similar agreements to which Executive is subject or may be bound, and has provided Company with copies of any such non-competition and non-solicitation agreements.

j. Return of Data. In the event of the termination of Executive's employment with Company for any reason whatsoever, Executive agrees to deliver promptly to Company all formulas, correspondence, reports, computer programs and similar items, customer lists, marketing and sales data and all other materials pertaining to Confidential Information, and all copies thereof, obtained by Executive during the period of Executive's employment with Company which are in Executive's possession or under his control. Executive further agrees that Executive will not make or retain any copies of any of the foregoing and will so represent to Company upon termination of his employment.

k. Non-Disparagement. Executive agrees that during the Employment Period and at all times thereafter, Executive will not make any statement, nor imply any meaning through Executive's action or inaction, if such statement or implication would be adverse to the interests of 3D Systems, its customers or its vendors or may reasonably cause any of the foregoing embarrassment or humiliation; nor will Executive otherwise cause or contribute to any of the foregoing being held in disrepute by the public or any other 3D Systems customer(s), vendor(s) or employee(s). Company agrees to instruct its officers, directors and agents speaking regarding Executive with the prior knowledge and the express approval of an executive officer or director of the Company not to disparage Executive to future employers of the Executive or others; provided, however, that nothing contained in this Section 5.11 will restrict or impede Company from (i) complying with any applicable law, legal process, regulation or stock exchange requirement, including disclosure obligations under securities laws and regulations, or a valid order of a court of competent jurisdiction or an authorized government agency or entity; (ii) making any statement required or reasonably desirable in connection with the enforcement or defense of any claim, legal proceeding or investigation involving Executive or the Company or any of their respective Affiliates; or (iii) providing information to any future employer or prospective employer of Executive regarding Executive's obligations under this Agreement or any other agreement to which Executive is a party. Nothing herein prevents disclosure, in the sole discretion of the Company and its employees, of this Agreement, or discussion of Executive's employment with, and separation of employment from, the Company, by and among employees and other agents of Company with a business need to know such information. The restrictions of this Section 5.11 shall apply to, but are not limited to, communication via the

Internet, any intranet, or other electronic means, such as social media web sites, electronic bulletin boards, blogs, email messages, text messages or any other electronic message. The restrictions of this Section 5.11 shall not be construed to prohibit or limit Executive, Company or any other Person from testifying truthfully in any proceeding, arbitration or governmental investigation.

l. Injunctive Relief and Additional Remedies for Breach. Executive further expressly acknowledges and agrees that any breach or threatened breach of the provisions of this Section 5 shall entitle 3D Systems, in addition to any other legal remedies available to it, to obtain injunctive relief, to prevent any violation of this Section 5 without the necessity of 3D Systems posting bond or furnishing other security and without proving special damages or irreparable injury. Executive recognizes, acknowledges and agrees that such injunctive relief is necessary to protect 3D Systems' interest. Executive understands that in addition to any other remedies available to 3D Systems at law or in equity or under this Agreement for violation of this Agreement, other agreements or compensatory or benefit arrangements Executive has with 3D Systems may include provisions that specify certain consequences thereunder that will result from Executive's violation of this Agreement, which consequences may include repaying 3D Systems or foregoing certain equity awards or monies, and any such consequences shall not be considered by Executive or any trier of fact as a forfeiture, penalty, duplicative remedy or exclusive remedy. Notwithstanding Section 8.9, the exclusive venue for any action for injunctive or declaratory relief with respect to this Section 5 shall be the state or federal courts located in York County, South Carolina. Company and Executive hereby irrevocably consent to any such courts' exercise of jurisdiction over them for such purpose.

m. Notification to Third Parties. Company may, at any time during or after the termination of Executive's employment with Company, notify any person, corporation, partnership or other business entity employing or engaging Executive or evidencing an intention to employ or engage Executive as to the existence and provisions of this Agreement.

n. Cooperation. The parties agree that certain matters in which the Executive will be involved during the Employment Period may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Company, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at an hourly rate based on the Executive's Base Salary on the Termination Date.

6. No Mitigation.

In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and, except as otherwise provided herein, such amounts shall not be reduced whether or not Executive obtains other employment.

7. **Clawback.**

All incentive compensation paid to Executive pursuant to this Agreement or otherwise in connection with Executive's employment with Company shall be subject to forfeiture, recovery by Company or other action pursuant to any clawback or recoupment policy which Company may adopt from time to time.

8. **Miscellaneous.**

a. **Valid Obligation.** This Agreement has been duly authorized, executed and delivered by Company and has been duly executed and delivered by Executive and is a legal, valid and binding obligation of Company and of Executive, enforceable in accordance with its terms.

b. **No Conflicts.** Executive represents and warrants that the performance by Executive of the duties that are reasonably expected to be performed hereunder will not result in a material breach of any agreement to which Executive is a party.

c. **Applicable Law.** This Agreement shall be construed in accordance with the laws of the State of South Carolina (the "**Applicable State Law**"), without reference to South Carolina's choice of law statutes or decisions.

d. **Severability.** The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any one or more of the provisions hereof shall not affect the validity or enforceability of any other provision. If any provision of this Agreement shall be prohibited by or invalid under the Applicable State Law, the prohibited or invalid provision(s) shall be deemed severed herefrom and shall be unenforceable to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement. In the event any clause of this Agreement is deemed to be invalid, the parties shall endeavor to modify that clause in a manner which carries out the intent of the parties in executing this Agreement.

e. **No Waiver.** The waiver of a breach of any provision of this Agreement by any party shall not be deemed or held to be a continuing waiver of such breach or a waiver of any subsequent breach of any provision of this Agreement or as nullifying the effectiveness of such provision, unless agreed to in writing by the parties.

f. **Notices.** All demands, notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by facsimile machine (with a confirmation copy sent by one of the other methods authorized in this Section), or by commercial overnight delivery service, to the parties at the addresses set forth below:

To Company: 3D Systems Corporation

333 Three D Systems Circle
Rock Hill, South Carolina 29730

Attention: Chief Legal Officer

To Executive: At the address and/or fax number most recently contained in Company's records

Notices shall be deemed given upon the earliest to occur of (i) receipt by the party to whom such notice is directed, if hand delivered; (ii) if sent by facsimile machine, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) such notice is sent if sent (as evidenced by the facsimile confirmed receipt) prior to 5:00 p.m. Central Time and, if sent after 5:00 p.m. Central Time, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) after which such notice is sent; or (iii) on the first business day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following the day the same is deposited with the commercial carrier if sent by commercial overnight delivery service. Each party, by notice duly given in accordance therewith may specify a different address for the giving of any notice hereunder.

g. Assignment of Agreement. This Agreement shall be binding upon and inure to the benefit of Executive and Company, their respective successors and permitted assigns and Executive's heirs and personal representatives. Executive may not assign any rights or obligations hereunder to any person or entity without the prior written consent of Company. This Agreement shall be personal to Executive for all purposes.

h. Entire Agreement; Amendments. Except as otherwise provided herein, this Agreement contains the entire understanding between the parties, and there are no other agreements or understandings between the parties with respect to Executive's employment by Company and Executive's obligations thereto other than Executive's indemnification or related rights under Company's certificate of incorporation or Bylaws or under any indemnification agreement between Company and Executive and Executive's rights under any equity incentive plans or bonus plans of Company. Executive acknowledges that Executive is not relying upon any representations or warranties concerning Executive's employment by Company except as expressly set forth herein. No amendment or modification to the Agreement shall be valid except by a subsequent written instrument executed by the parties hereto.

i. Dispute Resolution and Arbitration. The following procedures shall be used in the resolution of disputes:

i..Dispute. In the event of any dispute or disagreement between the parties under this Agreement (excluding an action for injunctive or declaratory relief as provided in Section 5.12), the disputing party shall provide written notice to the other party that such dispute exists. The parties will then make a good faith effort to resolve the dispute or disagreement. If the dispute is not resolved upon the expiration of fifteen (15) days from the date a party receives such notice of dispute, the entire matter shall then be submitted to arbitration as set forth in Section 8.9.2.

ii..Arbitration. Should any legal claim (other than those excepted below) arising out of or in any way relating to this Agreement or Executive's employment or the termination of Executive's employment not be resolved by negotiation or mediation, it shall be subject to binding and final arbitration in Rock Hill, South Carolina, which is in York County. The fees of

the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought in a court of law shall be paid by Company. However, Executive shall be required to pay the amount of those fees equal to that which Executive would have been required to pay to file a lawsuit in court. Any demand for arbitration shall be in writing and must be communicated to the other party prior to the expiration of the applicable statute of limitations. Unless otherwise provided herein, the arbitration shall be conducted by a single arbitrator in accordance with the Employment Arbitration Rules and Mediation Procedures published by the American Arbitration Association. If the arbitrator selected as set forth herein determines that this location constitutes a significant hardship on the Executive and constitutes an impermissible barrier to Executive's efforts to enforce Executive's statutory or contractual rights, such arbitration may be conducted in some other place determined to be reasonable by the arbitrator. The arbitrator shall be selected by mutual agreement of the parties. If the parties cannot agree on an arbitrator within thirty (30) days after written request for arbitration is made by one party to the controversy, a neutral arbitrator shall be appointed according to the procedures set forth in the American Arbitration Association Employment Arbitration Rules and Mediation Procedures. In rendering the award, the arbitrator shall have the authority to resolve only the legal dispute between the parties, shall not have the authority to abridge or enlarge substantive rights or remedies available under existing law, and shall determine the rights and obligations of the parties according to the substantive laws of the Applicable State Law and any applicable federal law. In addition, the arbitrator's decision and award shall be in writing and signed by the arbitrator, and accompanied by a concise written explanation of the basis of the award. The award rendered by the arbitrator shall be final and binding, and judgment on the award may be entered in any court having jurisdiction thereof. The arbitrator is authorized to award any party a sum deemed proper for the time, expense, and trouble of arbitration, including arbitration fees and attorneys' fees.

iii. Types of Claims. All legal claims brought by Executive or Company related to this Agreement, the employment relationship, terms and conditions of Executive's employment, and/or termination from employment are subject to this dispute resolution procedure. These include, by way of example and without limitation, any legal claims based on alleged discrimination or retaliation on the basis of race, sex (including sexual harassment), religion, national origin, age, disability or other protected classification, whether based on state or federal law; payment of wages, bonuses, or commissions; workers' compensation retaliation; defamation; invasion of privacy; infliction of emotional distress and/or breach of an express or implied contract. Disputes and actions excluded from Section 8.9 are: (1) claims for workers' compensation or unemployment benefits; (2) claims for benefits under a Company plan or program that provides its own process for dispute resolution; (3) claims for declaratory or injunctive relief (any such proceedings will be without prejudice to the parties' rights under Section 8.9 to obtain additional relief in arbitration with respect to such matters); (4) claims for unfair labor practices filed with the National Labor Relations Board; and (5) actions to compel arbitration or to enforce or vacate an arbitrator's award under Section 8.9, such action to be governed by the Federal Arbitration Act ("FAA") and the provisions of Section 8.9. Nothing in this Agreement shall be interpreted to mean that Executive is precluded from filing complaints with the Equal Employment Opportunity Commission, the National Labor Relations Board or any similar state or federal agency. Any controversy over whether a dispute is arbitrable or as to

the interpretation of Section 8.9 with respect to such arbitration will be determined by the arbitrator.

j. Survival. For avoidance of doubt, the provisions of Sections 4.5, 5, 7 and 8 of this Agreement shall survive the expiration or earlier termination of the Employment Period.

k. Headings. Section headings used in this Agreement are for convenience of reference only and shall not be used to construe the meaning of any provision of this Agreement.

l. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument. Signatures delivered via facsimile or electronic file shall be the same as original signatures.

m. Taxes. Executive shall be solely responsible for taxes imposed on Executive by reason of any compensation and benefits provided under this Agreement and all such compensation and benefits shall be subject to applicable withholding.

n. Section 409A of the Code. It is intended that this Agreement will comply with Section 409A of the Code (and any regulations and guidelines issued thereunder) to the extent the Agreement is subject thereto, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the parties hereto will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure by Company in good faith to act, pursuant to this Section 8.14, shall subject Company to any claim, liability, or expense, and Company shall not have any obligation to indemnify or otherwise protect Executive from the obligation to pay any taxes pursuant to Section 409A of the Code.

In addition, notwithstanding any provision to the contrary in this Agreement, if Executive is deemed on the date of Executive's "**separation from service**" (within the meaning of Treas. Reg. Section 1.409A1(h)) to be a "**specified employee**" (within the meaning of Treas. Reg. Section 1.409A1(i)), then with regard to any payment that is required to be delayed pursuant to Section 409A(a)(2)(B) of the Code (the "**Delayed Payments**"), such payment shall not be made prior to the earlier of (i) the expiration of the six (6) month period measured from the date of Executive's "separation from service" and (ii) the date of Executive's death. Any payments due under this Agreement other than the Delayed Payments shall be paid in accordance with the normal payment dates specified herein. In no case will the delay of any of the Delayed Payments by Company constitute a breach of Company's obligations under this Agreement. For the provision of payments and benefits under this Agreement upon termination of employment, reference to Executive's "termination of employment" (and corollary terms) with Company shall be construed to refer to Executive's "separation from service" from Company (as determined under Treas. Reg. Section 1.409A1(h), as uniformly applied by Company) in tandem with Executive's termination of employment with Company.

In addition, to the extent that any reimbursement or in-kind benefit under this Agreement or under any other reimbursement or in-kind benefit plan or arrangement in which Executive

participates during the term of Executive's employment under this Agreement or thereafter provides for a "deferral of compensation" within the meaning of Section 409A of the Code, (i) the amount eligible for reimbursement or in-kind benefit in one calendar year may not affect the amount eligible for reimbursement or in-kind benefit in any other calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), (ii) the right to reimbursement or an in-kind benefit is not subject to liquidation or exchange for another benefit, and (iii) subject to any shorter time periods provided herein, any such reimbursement of an expense or in-kind benefit must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred.

If the sixty (60)-day period following a "separation from service" begins in one calendar year and ends in a second calendar year (a "**Crossover 60-Day Period**"), then any severance payments that would otherwise occur during the portion of the Crossover 60-Day Period that falls within the first year will be delayed and paid in a lump sum during the portion of the Crossover 60-Day Period that falls within the second year.

o. Limitation on Payments.

i. Parachute Payments. In the event that the payments and benefits provided for in this Agreement or other payments and benefits payable or provided to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 8.15, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's payments and benefits under this Agreement and other payments or benefits (the "**280G Amounts**") will be either:

(1) delivered in full, or

(2) delivered as to such lesser extent which would result in no portion of such payments or benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of 280G Amounts, notwithstanding that all or some portion of the 280G Amounts may be taxable under Section 4999 of the Code.

ii. Reduction Order. In the event that a reduction of 280G Amounts is being made in accordance with Section 8.15.1, the reduction will occur, with respect to the 280G Amounts considered parachute payments within the meaning of Section 280G of the Code, in the following order:

i. reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the excise tax will be the first cash payment to be reduced);

ii.cancellation of equity awards that were granted “contingent on a change in ownership or control” within the meaning of Code Section 280G in the reverse order of date of grant of the awards (that is, the most recently granted equity awards will be cancelled first);

iii.reduction of the accelerated vesting of equity awards in the reverse order of date of grant of the awards (that is, the vesting of the most recently granted equity awards will be cancelled first); and

iv.reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first benefit to be reduced).

In no event will Executive have any discretion with respect to the ordering of payments.

iii..Accounting or Valuation Firm. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8.15 will be made in writing by a nationally recognized accounting or valuation firm (the “**Firm**”) selected by the Company, whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8.15, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 8.15. The Company will bear all costs and make all payments for the Firm’s services relating to any calculations contemplated by this Section 8.15.

p. Payment by Subsidiaries. Executive acknowledges and agrees that Company may satisfy its obligations to make payments to Executive under this Agreement by causing one or more of its subsidiaries to make such payments to Executive. Executive agrees that any such payment made by any such subsidiary shall fully satisfy and discharge Company’s obligation to make such payment to Executive hereunder (but only to the extent of such payment).

[*Signature Page to Follow*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written, to be effective at the Effective Date.

EXECUTIVE

/s/ Menno Ellis

Menno Ellis

3D Systems Corporation

/s/ Andrew M. Johnson

By: Andrew M. Johnson

Title: Executive Vice President, Chief Legal

Officer and Secretary

3D SYSTEMS CORPORATION

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “**Agreement**”) is made on this 1st day of October, 2020 (the “**Effective Date**”), by and between 3D Systems Corporation, a corporation organized and existing under the laws of the State of Delaware (“**Company**”), and Mr. Reji Puthenveetil (“**Executive**”).

RECITALS

WHEREAS, commencing on the Effective Date, Company desires to employ Executive as Executive Vice President, Industrial Solutions subject to the terms and conditions of this Agreement; and

WHEREAS, Executive desires to be employed by Company in the aforesaid capacity subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing premises, of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows, effective as of the Effective Date:

AGREEMENT

1. Employment.

Company hereby agrees to employ Executive, and Executive hereby accepts employment, as Executive Vice President, Industrial Solutions. Executive shall have the duties and responsibilities and perform such administrative and managerial services of that position as are set forth in the bylaws of Company (the “**Bylaws**”) or as shall be reasonably delegated or assigned to Executive by the Board of Directors of Company (the “**Board**”) from time to time. Executive shall carry out Executive’s responsibilities hereunder on a full-time basis for and on behalf of Company; provided that (i) Executive shall be entitled to devote time to outside boards of directors, personal investments, civic and charitable activities, and personal education and development, so long as such activities do not interfere with or conflict with Executive’s duties hereunder in any material respect, and provided that Executive notifies the Corporate Governance and Nominating Committee of the Board (the “**Governance Committee**”) of any outside boards of directors on which Executive intends to serve, and the Governance Committee consents to such service, which consent may be granted or withheld in the sole discretion of the Governance Committee, and (ii) Executive shall be permitted to continue to operate his consulting company, Group Newhouse, Inc., so long as any individual oversight or consulting by Executive does not interfere or conflict with Executive’s duties hereunder in any material respect. Notwithstanding the foregoing, Executive agrees that, during the term of this Agreement, Executive shall not act as an officer or employee of any for profit business other than Company without the prior written consent of Company.

2. **Term.**

The term of Executive's employment by Company under this Agreement (the "**Employment Period**") shall commence on October 1, 2020 and shall continue in effect through the second (2nd) anniversary of that date, unless earlier terminated as provided herein. Thereafter, unless Company or Executive shall elect not to renew the Employment Period upon the expiration of the initial term or any renewal term, which election shall be made by providing written notice of nonrenewal to the other party at least thirty (30) days prior to the expiration of the then current term, the Employment Period shall be extended for an additional twelve (12) months. If Company elects not to renew the Employment Period at the end of the initial term or any renewal term, such nonrenewal shall be treated as a termination of the Employment Period and Executive's employment without Cause by Company for the limited purpose of determining the payments and benefits available to Executive under this Agreement (e.g., Executive shall be entitled to the severance benefits set forth in Section 4.5.1). If Executive elects not to renew the Employment Period, such nonrenewal shall constitute a termination of Executive's employment and the Employment Period by Executive without Constructive Discharge, and Executive shall be entitled to severance benefits set forth in Section 4.5.1. In the event the Employment Period is terminated (i) by the Company, other than for Cause as described in Section 4.2 below, prior to March 31, 2024 or (ii) by Executive after October 1, 2020, but before March 31, 2024, Executive shall become a consultant to the Company pursuant to the terms of the Consulting Agreement attached hereto as Exhibit A.

3. **Compensation and Benefits.**

In consideration for the services Executive shall render under this Agreement, Company shall provide or cause to be provided to Executive the following compensation and benefits:

a. **Base Salary.** During the Employment Period Company shall pay to Executive an annual base salary, which at the Effective Date is \$400,000.00 per annum, subject to all appropriate federal and state withholding taxes and which shall be payable in accordance with Company's normal payroll practices and procedures. Executive's base salary shall be reviewed annually by the Board, or a committee of the Board, and may be increased in the sole discretion of the Board, or such committee of the Board. Executive's base salary, as such base salary may be increased hereunder, is hereinafter referred to as the "**Base Salary**."

b. **Performance Bonuses.** Executive shall be eligible to receive cash bonuses in accordance with this Section 3.2 (each a "**Performance Bonus**"). Payment of any Performance Bonus will be subject to the sole discretion of the Compensation Committee of the Board (the "**Compensation Committee**"), and such Performance Bonus shall be determined in the sole discretion of the Compensation Committee. Subject to the foregoing exercise of discretion, Executive's annual target Performance Bonus shall be not less than 50% of Executive's Base Salary (the "**Target Performance Bonus**"), provided that the actual Performance Bonus shall be based on performance, which may be less than or exceed the Target Performance Bonus. Performance Bonuses, if any, shall be paid according to the terms of the bonus plan or program in which Executive participates from time to time. Subject to Section 4.5.2 below, Executive must be employed to be entitled to any portion of any Performance Bonus, and the Performance

Bonus shall not be considered earned under this Agreement until such Bonus is paid. The payout of Executive's 2020 Performance Bonus shall be subject to Section 3.6.2 below.

c. Benefits. During the Employment Period and as otherwise provided hereunder, Executive shall be entitled to the following:

i. Vacation. Executive shall be entitled to participate in the Company's vacation or flex time policy, as applicable pursuant to Company policy, for similarly-situated executives of the Company.

ii. Participation in Benefit Plans. Executive shall be entitled to health and/or dental benefits, including immediate coverage for Executive and Executive's eligible dependents, which are generally available to Company's executive employees and as provided by Company, subject to the terms of its group health insurance plan. In addition, Executive shall be entitled to participate in any profit sharing plan, retirement plan, group life insurance plan or other insurance plan or medical expense plan maintained by Company for its executives generally, in accordance with the general eligibility criteria therein and subject to the terms of any applicable plan. Nothing in this Agreement shall be construed as a promise to provide any particular benefit, should the Company decide to discontinue or amend any particular benefit plan for other executives.

iii. Travel and Lodging Accommodations. Company shall provide or reimburse Executive for certain reasonable expenses relating to Executive's travel and lodging, including actual mileage and reasonable rental fees, in connection with Executive's travel to and stay near the Company's headquarters in Rock Hill, South Carolina for a period of two (2) years from the Effective Date. The parties may extend such term upon mutual agreement.

iv. Perquisites. Executive shall be entitled to such other benefits and perquisites that are generally available to Company's executive employees and as provided in accordance with Company's plans, practices, policies and programs for executive employees of Company.

d. Expenses. Company shall reimburse Executive for proper and necessary expenses incurred by Executive in the performance of Executive's duties under this Agreement from time to time upon Executive's submission to Company of invoices of such expenses in reasonable detail and subject to all standard policies and procedures of Company with respect to such expenses.

e. Stock Awards. Executive shall be eligible to participate in any applicable stock bonus, restricted stock award, performance share award, restricted stock unit, stock option, or similar plan, if any, implemented by Company and generally available to its executive employees. The amount of the awards, if any, made thereunder shall be in the sole discretion of the Board or Compensation Committee. Any such award that may be granted shall be subject to the terms of any applicable plan or agreement, and Executive shall not be entitled to any award if Executive does not sign, or comply with, the terms of any plan or agreement required for the award. Notwithstanding the foregoing, Executive shall receive a 2021 annual stock grant in an amount equal to \$1,000,000, calculated as of the issuance date determined by the Compensation Committee of the Board of Directors. Such award shall be 50% time-based equity and 50%

performance-based equity with such performance criteria as approved by the Compensation Committee in the ordinary course, which is expected to be on or about February 15, 2021.

f. New Hire Grant. Executive shall receive the following equity grants under the terms of the 2015 Incentive Plan of 3D Systems Corporation, the terms of which shall be reflected in award agreements to be issued contemporaneously with the commencement of Executive's employment hereunder:

i.A time-based Restricted Stock Award (the "**Initial Time-Based RSA**") with respect to a number of shares of Common Stock calculated with a numerator equal to \$500,000 and a denominator equal to the 40 trading day trailing average closing price of DDD ended on the Effective Date, which shall vest and become exercisable in three equal annual installments on the anniversary of the Initial Time-Based RSA during the continuation of Executive's employment hereunder;

ii.A performance-based restricted stock unit award ("**Initial Performance-Based RSU**") with respect to a number of shares of Common Stock calculated with the numerator equal to \$500,000 and a denominator equal to the 40 trading day trailing average closing price of DDD ended on the Effective Date, which may be earned during the period commencing on the Effective Date and ending on the third anniversary based on the achievement at target of 50% total shareholder return ("**TSR**"), which shall earn 100% of the Performance-Based RSU, with a threshold achievement at 25% TSR, which shall earn 50% of the Performance-Based RSU and a maximum achievement at 75% TSR, which shall earn 150% of the Performance-Based RSU, in each case for 20 consecutive trading days and vest, if applicable, on the third anniversary of the Effective Date. TSR will be measured as the percentage growth in stock price, plus dividends and adjusted for events such as stock splits, with percentage growth calculated as (stock price) / (40 trading day trailing average closing price of DDD ended on the Effective Date) – 1; and

iii.A 2020 bonus restricted Stock Award ("**2020 Bonus RSA**") with respect a number of shares of Common Stock calculated with the numerator equal to the pro-rata calculation of Executive's 2020 Performance Bonus at target and a denominator equal to the DDD closing price on the date determined by the Compensation Committee of the Board of Directors following the completion of the 2020 financial audit and filing of the Company's Annual Report on Form 10-K. Such date is expected to be in early March 2021 and shall not extend past March 31, 2021. The 2020 Bonus RSA when calculated shall vest immediately upon issuance.

The awards described above shall be subject to such additional terms and conditions and documentation as may be determined by the Board or the Compensation Committee in its sole discretion.

4. Termination of Services Prior To Expiration of Agreement.

Executive's employment and the Employment Period may be terminated at any time as follows (the effective date of such termination hereinafter referred to as the "**Termination Date**"):

a. Termination upon Death or Disability of Executive.

i..Executive's employment and the Employment Period shall terminate immediately upon the death of Executive. In such event, all rights of Executive and/or Executive's estate (or named beneficiary) shall cease except for the right to receive payment of the amounts set forth in Section 4.5.5 of the Agreement.

ii..Company may terminate Executive's employment and the Employment Period upon the disability of Executive. For purposes of this Agreement, Executive shall be deemed to be "**disabled**" if Executive, as a result of illness or incapacity, shall be unable to perform substantially Executive's required duties for a period of three (3) consecutive months or for any aggregate period of three (3) months in any six (6) month period. In the event of a dispute as to whether Executive is disabled, Company may refer Executive to a licensed practicing physician who is mutually acceptable to Executive and Company, and Executive agrees to submit to such tests and examination as such physician shall deem appropriate to determine Executive's capacity to perform the services required to be performed by Executive hereunder. In such event, the parties hereby agree that the decision of such physician as to the disability of Executive shall be final and binding on the parties. Any termination of the Employment Period under this Section 4.1.2 shall be effected without any adverse effect on Executive's rights to receive benefits under any disability policy of Company, but shall not be treated as a termination without Cause and Executive shall be entitled to no further benefits or compensation under this Agreement.

b. Termination by Company for Cause. Company may terminate Executive's employment and the Employment Period for Cause (as defined herein) upon written notice to Executive, which termination shall be effective on the date specified by Company in such notice; provided, however, that in respect of Sections 4.2.1 and 4.2.4 only, Executive shall have a period of ten (10) days after the receipt of the written notice from Company to cure the particular action or inaction, to the extent a cure is possible. For purposes of this Agreement, the term "**Cause**" shall mean:

i..The willful failure by Executive to perform Executive's duties and obligations hereunder in any material respect, as determined by the Chief Executive Officer in its reasonable judgment, other than any such failure resulting from the disability of Executive;

ii..Executive's commission of a crime or offense involving the property of Company, or any crime or offense constituting a felony or involving fraud or moral turpitude;

iii..Executive's violation of any law, which violation is materially injurious or could reasonably be expected to be materially injurious to the operations, prospects or reputation of Company;

iv..Executive's material violation of this Agreement or any generally recognized policy of Company or Executive's refusal to follow the Board's reasonable and lawful instructions;

v..Executive’s commission, by act or omission, of any material act of dishonesty in performing employment duties; or

vi..Executive’s use of alcohol or illegal drugs that interferes with performing employment duties, as determined by the Board.

Any notice of termination for Cause provided to Executive pursuant to Sections 4.2.1 or 4.2.4 shall specify in reasonable detail specific facts regarding any such assertion. Any resolution or other Board action held with respect to any deliberation regarding or decision to terminate the Executive for Cause shall be duly adopted by a vote of no less than a majority of the members of the entire Board.

c. Termination by Company without Cause; Termination by Executive without Constructive Discharge. Executive may terminate Executive’s employment and the Employment Period at any time for any reason upon thirty (30) days’ prior written notice to Company. Company may terminate Executive’s employment and the Employment Period without Cause effective immediately upon written notice to Executive. Upon termination of Executive’s employment with Company for any reason, Executive shall be deemed to have resigned from all positions with the Company and each of its subsidiaries and shall take all appropriate steps and cooperate with Company to effect such terminations (provided, that any such deemed resignations shall not affect Executive’s entitlement (if any) to severance pay and benefits hereunder).

d. Termination by Executive for Constructive Discharge.

i..Executive may terminate Executive’s employment and the Employment Period, in accordance with the process set forth below, as a result of a Constructive Discharge. For purposes of this Agreement “**Constructive Discharge**” shall mean the occurrence of any of the following:

(1) a failure of Company to meet its obligations in any material respect under this Agreement, including, without limitation, any failure to pay the Base Salary (other than the inadvertent failure to pay a de minimis amount of the Base Salary, which payment is immediately made by Company upon notice from Executive); or

(ii) a material diminution in or other substantial adverse alteration in the nature or scope of Executive’s responsibilities, authority, or duties with Company from those in effect on the Effective Date.

In the event of the occurrence of a Constructive Discharge, Executive shall have the right to terminate Executive’s employment hereunder and receive the benefits set forth in Section 4.5.1 below, upon delivery of written notice to Company no later than the close of business on the sixtieth (60th) day following the effective date of the Constructive Discharge; provided, however, that such termination shall not be effective until the expiration of thirty (30) days after receipt by Company of such written notice if Company has not cured such Constructive Discharge within the 30-day period. If Company so effects a cure, the Constructive Discharge notice shall be deemed rescinded and of no force or effect.

Notwithstanding the foregoing, such notice and lapse of time shall not be required with respect to any event or circumstance which is the same or substantially the same as an event or circumstance with respect to which notice and an opportunity to cure has been given within the previous six (6) months. The Termination Date due to Constructive Discharge shall be the date of Executive's "separation from service" (within the meaning of Treas. Reg. Section 1.409A1(h)).

e. Rights upon Termination. Upon termination of Executive's employment and the Employment Period, the following shall apply:

i. Termination by Company Without Cause or for Constructive Discharge. If Company terminates Executive's employment and the Employment Period without Cause, or if Executive terminates Executive's employment and the Employment Period as a result of a Constructive Discharge, in each case either (x) prior to a Change of Control (other than a termination described in Section 4.5.2), or (y) after the second anniversary of a Change of Control, Executive shall be entitled to receive payment of any Base Salary amounts that have accrued but have not been paid as of the Termination Date, and the unpaid Performance Bonus, if any, with respect to the calendar year preceding the calendar year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner that it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period). In addition, subject to Section 4.7, below, Company shall, subject to Sections 8.13, 8.14 and 8.15, be obligated to pay Executive (or provide Executive with) the following benefits as severance:

(1) an amount equal to 100% of the Base Salary, payable in twelve (12) equal monthly installments commencing on the Termination Date, such amount to be payable regardless of whether Executive obtains other employment and is compensated therefor (but only so long as Executive is not in violation of any provision of Section 5) (with the first two (2) installments to be paid on the sixtieth (60th) day following the Termination Date and the remaining ten (10) installments being paid on the ten (10) following monthly anniversaries of such date);

(2) any unused vacation time accrued in the calendar year in which the Termination Date occurs, but only to extent Company policy mandates the accrual of vacation time;

(3) any Initial Time-Based RSA shares issued pursuant to Section 3.6.1, but not yet vested shall continue to vest on the ordinary course schedule;

(4) any Initial Performance-Based RSA shares issued pursuant to Section 3.6.2., but not yet vested shall be calculated as of the Termination Date, and to the extent earned, shall continue to vest on the ordinary course schedule;

(5) any 2020 Bonus RSA shares owed pursuant to Section 3.6.3, but not yet vested shall vest on the ordinary course schedule; and

(6) any 2021 Stock awards issued as described in Section 3.5, but not yet vested shall vest on the ordinary course schedule; and

(7) if Executive elects to continue Executive's then current enrollment (including family enrollment, if applicable) in the health and/or dental insurance benefits set forth in Section 3.3.2 in accordance with COBRA, then for a period of up to twelve (12) months following the Termination Date, the Company will continue to pay a portion of the premiums such that Executive's contribution to such plans will remain the same as if Executive were employed by Company, such contributions to be paid by Executive in the same period (e.g., monthly, bi-weekly, etc.) as all other employees of Company (but deductions from Executive's monthly severance payments may be deemed acceptable for this purpose in the discretion of Company); provided, however that Company may terminate such coverage if payment from Executive is not made within ten (10) days of the date on which Executive receives written notice from Company that such payment is due; and provided, further, that such benefits shall be discontinued earlier to the extent that Executive is no longer eligible for COBRA continuation coverage. In addition, this benefit is contingent upon timely election of COBRA continuation coverage and will run concurrent with the COBRA period. Executive acknowledges and agrees that the amount of any such premiums paid by the Company will constitute taxable wages for income and employment tax purposes.

For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive the foregoing payments shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment.

ii..Severance Upon Termination following a Change of Control. If, within the period beginning on the date of a Change of Control through the second anniversary of the Change of Control, Executive terminates Executive's employment and the Employment Period pursuant to Section 4.4 or Company terminates Executive's employment pursuant to Section 4.3, then Executive shall, subject to Sections 4.7, 8.13, 8.14 and 8.15, receive the payment and benefits provided in Section 4.5.1; provided, however, that in place of the twelve (12) monthly payments provided for in Section 4.5.1(i), Executive shall receive a lump sum amount of cash equal to the sum of (x) 150% of (i) Executive's Base Salary plus (ii) Executive's Target Performance Bonus, and (y) a pro-rata portion of the Executive's Target Performance Bonus for the year in which Executive's employment is terminated calculated as of the Termination Date, with such lump sum paid on the sixtieth (60th) day following the Termination Date. In addition, Executive shall receive (i) the health and/or dental insurance benefits as described in Section 4.5.1(iv) and as set forth in Section 3.3.2 in accordance with COBRA, then for a period of up to eighteen (18) months following the Termination Date, and (ii) all outstanding performance-based restricted stock unit awards shall convert to time-based equity and all awarded, but unvested time-based equity shall vest immediately on the Termination Date.

Anything in this Agreement to the contrary notwithstanding, if (A) a Change of Control occurs, (B) Executive's employment with Company is terminated by Company without Cause or if Executive terminates his employment as a result of a Constructive Discharge, in either case within one hundred eighty (180) days prior to the date on which the Change of

Control occurs, and (C) it is reasonably demonstrated by Executive that such termination of employment or events constituting Constructive Discharge was (x) at the request of a third party who had taken steps reasonably calculated to effect a Change of Control or (y) otherwise arose in connection with or in anticipation of a Change of Control, then for all purposes of this Agreement such Change of Control shall be deemed to have occurred during the Employment Period and the Termination Date shall be deemed to have occurred after the Change of Control, so that Executive is entitled to the vesting and other benefits provided by this Section 4.5.2. Any additional amounts due Executive as a result of the application of this paragraph to a termination prior to a Change of Control shall be paid to Executive under this Section 4.5.2 in a lump sum on the sixtieth (60th) day following the Change of Control.

iii. Definition of Change of Control. For purposes of this Agreement, a “**Change of Control**” shall mean any one of the following events following the Effective Date:

- (1) the date of acquisition by any person or group other than Company or any subsidiary of Company (and other than any employee benefit plans (or related trust) of Company or any of its subsidiaries) of beneficial ownership of securities possessing more than thirty percent (30%) of the total combined voting power of Company’s then outstanding voting securities which generally entitle the holder thereof to vote for the election of directors (“**Voting Power**”), provided, however, that no Change of Control shall be deemed to have occurred solely by reason of any such acquisition by a corporation with respect to which, after such acquisition, more than sixty percent (60%) of the then outstanding shares of common stock of such corporation and the Voting Power of such corporation are then beneficially owned, directly or indirectly, by the persons who were the beneficial owners of the stock and Voting Power of Company immediately before such acquisition, in substantially the same proportions as their ownership immediately before such acquisition; or
- (2) the date the individuals who constitute the Board as of immediately following the Effective Date (the “**Incumbent Board**”) cease for any reason other than their deaths to constitute at least a majority of the Board; provided that any individual who becomes a director after the Effective Date whose election or nomination for election by Company’s stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered, for purposes of this Section, as though such individual were a member of the Incumbent Board; or
- (3) Company effects (a) a merger or consolidation of Company with one or more corporations or entities, as a result of which the holders of the outstanding Voting Power of Company immediately prior to such merger, reorganization or consolidation hold less than 50% of the Voting Power of the surviving or resulting corporation or entity immediately after such merger or consolidation; (b) a liquidation or dissolution of Company; or

(c) a sale or other disposition of all or substantially all of the assets of Company other than to an entity of which Company owns at least 50% of the Voting Power.

For purposes of the foregoing definition, the terms “**beneficially owned**” and “**beneficial ownership**” and “**person**” shall have the meanings ascribed to them in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “**1934 Act**”), and “**group**” means two or more persons acting together in such a way to be deemed a person for purposes of Section 13(d) of the 1934 Act. Further, notwithstanding anything herein to the contrary, the definition of Change of Control set forth herein shall not be broader than the definition of “change in control event” as set forth under Section 409A of the Code, and the guidance promulgated thereunder, and if a transaction or event does not otherwise fall within such definition of change in control event, it shall not be deemed a Change of Control for purposes of this Agreement.

iv. Termination With Cause by Company or Without Constructive Discharge by Executive. If Company terminates Executive’s employment and the Employment Period with Cause, or, subject to the applicability of the Consulting Agreement described in Section 2 above, if Executive terminates Executive’s employment and the Employment Period other than as a result of a Constructive Discharge, (i) Company shall be obligated to pay Executive any Base Salary amounts that have accrued but have not been paid as of the Termination Date; (ii) any unpaid Performance Bonus to which Executive otherwise would be entitled shall be forfeited; and (iii) any unused vacation time accrued in the calendar year in which the Termination Date occurs, but only to extent that Company policy mandates the accrual of vacation time.

v. Termination Upon Death or Disability. If Executive’s employment and the Employment Period are terminated because of the death of Executive or because Executive is disabled, Company shall, subject to Sections 8.13 and 8.14, be obligated to pay or immediately vest to Executive or, if applicable, Executive’s estate, the following amounts and equity: (i) earned but unpaid Base Salary; (ii) the unpaid Performance Bonus, if any, with respect to the calendar year preceding the calendar year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period); and (iii) any unused vacation time accrued in the calendar year in which the Termination Date occurs, but only to extent that Company policy mandates the accrual of vacation time.

f. Effect of Notice of Termination. Any notice of termination by Company, in the discretion of the Company, whether for Cause or without Cause, may specify that, during the notice period, Executive need not attend to any business on behalf of Company.

g. Requirement of a Release; Exclusivity of Severance Payments under this Agreement. As a condition to the receipt of the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive’s employment without Cause or with Constructive Discharge, Executive shall execute and deliver to Company (without revoking during any applicable revocation period specified in the release) a general release of claims against Company and its affiliates in a customary form reasonably satisfactory to Company within forty-five (45) days following the Termination Date, which shall be in form

and substance satisfactory to the Company (provided, that Executive shall not be required to release any rights under this Agreement or any other agreement with the Company or any of its affiliates with respect to any payments or obligations of the Company or such affiliates that under the terms of the applicable agreement are to be made or satisfied after the Termination Date, any rights to insurance coverage or any rights under benefit plans that by their terms survive the termination of Executive's employment, or any indemnification or related rights under Company's certificate of incorporation or Bylaws or under any indemnification agreement between Company and Executive or any rights under any director and officer liability insurance policy maintained by Company for the benefit of Executive). In addition, the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment shall constitute the exclusive payments in the nature of severance or termination pay or salary continuation which shall be due to Executive upon a termination of employment and shall be in lieu of any other such payments under any severance plan, program, policy or other arrangement which has heretofore been or shall hereafter be established by Company or any of its affiliates, other than payments to Executive under any indemnification or related rights under Company's certificate of incorporation or Bylaws or under any indemnification agreement between Company and Executive or under any director and officer liability insurance policy maintained by Company for the benefit of Executive. Without limiting Executive's obligations under Section 5.10, Executive shall furthermore agree, as a condition to Company's obligation to pay severance payments and termination benefits, to return any and all Company property and to abide by any existing restrictive covenant obligations set forth in this Agreement that survive the termination of this Agreement.

5. Restrictive Covenants.

The growth and development of Company and its affiliates and subsidiaries (collectively, "**3D Systems**") depends to a significant degree on the possession and protection of its customer list, customer information and other confidential and proprietary information relating to 3D Systems' products, services, methods, pricing, costs, research and development and marketing. All 3D Systems employees and others engaged to perform services for 3D Systems have a common interest and responsibility in seeing that such customer information and other Confidential Information, as that term is defined in Section 5.6 below, is not disclosed to any unauthorized persons or used other than for 3D Systems' benefit. This Section 5 expresses a common understanding concerning Company's and Executive's mutual responsibilities. Therefore, in consideration for Company's agreement to employ or continue to employ Executive and grant Executive access to its Confidential Information, trade secrets, customer relationships and business goodwill, and for other good and valuable consideration from Company, including, without limitation, compensation, benefits, raises, bonus payments or promotions, the receipt and sufficiency of which are hereby acknowledged, and the severance benefits payable pursuant to Section 4.5, Executive covenants and agrees as follows, which covenant and agreement is essential to this Agreement and Executive's employment with Company:

a. Solicitation. Executive acknowledges that the identity and particular needs of 3D Systems' customers are not generally known and were not known to Executive prior to Executive's employment with 3D Systems; that 3D Systems has relationships with, and a

proprietary interest in the identity of, its customers and their particular needs and requirements; and that documents and information regarding 3D Systems' pricing, sales, costs and specialized requirements of 3D Systems' customers are highly confidential and constitute trade secrets. Accordingly, Executive covenants and agrees that during the Employment Period and for a period of twelve (12) months after the Termination Date, regardless of the reason for such termination, Executive will not, except on behalf of 3D Systems during and within the authorized scope of Executive's employment with 3D Systems, directly or indirectly, use any Confidential Information to: (i) call on, sell to, solicit or otherwise deal with any accounts, or customers of 3D Systems which Executive called upon, contacted, solicited, sold to, or about which Executive learned Confidential Information while employed by 3D Systems, for the purpose of soliciting, selling and/or providing, to any such account or customer, any products or services similar to or in competition with any products or services then being sold by 3D Systems; or (ii) solicit the services of any person who is an employee of 3D Systems; or (iii) solicit, induce or entice any employee of 3D Systems to terminate employment with 3D Systems or to work for anyone in competition with 3D Systems or its subsidiaries.

b. Non-Interference with Business Relationships. Executive covenants and agrees that during the Employment Period, Executive will not interfere with the relationship or prospective relationship between 3D Systems and any person or entity with which 3D Systems has a business relationship, or with which 3D Systems is preparing to have a business relationship

c. Non-Competition. Executive agrees that during the Employment Period and for a period of twelve (12) months after the Termination Date, regardless of the reason for such termination, Executive shall not, directly or indirectly, for Executive's own benefit or for the benefit of others, render services for a Competing Organization in connection with Competing Products or Services anywhere within the Restricted Territory. These prohibitions shall apply regardless of where such services physically are rendered.

For purposes of this Agreement, "**Competing Products or Services**" means products, processes, or services of any person or organization other than 3D Systems, in existence or under development, which are substantially the same, may be substituted for, or applied to substantially the same end use as any product, process, or service of 3D Systems with which Executive works or worked during the time of Executive's employment with 3D Systems or about which Executive acquires or acquired Confidential Information through Executive's work with 3D Systems and in any event includes, but is not limited to, providing 3D or additive manufacturing content-to-print solutions including 3D printers, print materials, on-demand custom parts services and 3D authoring solutions for professionals and consumers.

For purposes of this Agreement, "**Competing Organization**" means persons or organizations, including Executive, engaged in, or about to become engaged in research or development, production, distribution, marketing, providing or selling of a Competing Product or Service.

Executive agrees that, because 3D Systems' business is commonly conducted via the Internet and telephone, and because 3D Systems' customers are located across the United States and the world, an effort to narrowly limit the geographic scope of the noncompetition provision

would render it ineffective. Accordingly, for purposes of this Agreement, “**Restricted Territory**” shall mean:

i.All markets in the United States and the world in which 3D Systems has conducted business or directed material resources in soliciting business in the prior twenty-four (24) month period.

ii.In the event the preceding subsection 5.3.1 shall be determined by judicial action to be unenforceable, the “Restricted Territory” shall be within the United States (including its territories) and within any other country that at any time was within the scope of Executive’s employment and duties with 3D Systems.

iii.In the event the preceding subsection 5.3.2 shall be determined by judicial action to be unenforceable, the “Restricted Territory” shall be within the United States (including its territories) and within any other country that at any time during the last two (2) years of Executive’s employment with 3D Systems was within the scope of Executive’s employment and duties for 3D Systems.

iv.In the event the preceding subsection 5.3.3 shall be determined by judicial action to be unenforceable, the “Restricted Territory” shall be within any geographic region(s) that at any time during the last two (2) years of Executive’s employment with 3D Systems was within the scope of Executive’s employment and duties for 3D Systems.

v.In the event the preceding subsection 5.3.4 shall be determined by judicial action to be unenforceable, the “Restricted Territory” shall be within any state in the United States that at any time during the last two (2) years of Executive’s employment with 3D Systems was within the scope of Executive’s employment and duties for 3D Systems.

Executive agrees that in the event a court determines the length of time or the geographic area or the activities prohibited under this Section 5 are too restrictive to be enforceable, the court may reduce the scope of the restriction or may sever the unenforceable provision in accordance with Section 8.4 below to the extent necessary to make the restriction enforceable.

d. Reasonableness of Restriction. Executive acknowledges that the foregoing nonsolicitation, non-competition and non-interference restrictions placed upon Executive are necessary and reasonable to avoid the improper disclosure or use of Confidential Information, and that it has been made clear to Executive that Executive’s compliance with Section 5 of this Agreement is a material condition to Executive’s employment by Company. Executive further acknowledges and agrees that, if Executive breaches any of the requirements of Section 5.1 or 5.3, the restricted period set forth therein shall be tolled during the time of such breach, but not for longer than twelve (12) months.

Executive further acknowledges and agrees that 3D Systems has attempted to impose the restrictions contained hereunder only to the extent necessary to protect 3D Systems from unfair competition and the unauthorized use or disclosure of Confidential Information. However, should the scope or enforceability of any restrictive covenant be disputed at any time, Executive

specifically agrees that a court may modify or enforce the covenant to the full extent it believes to be reasonable under the circumstances existing at the time.

e. Non-Disclosure. Executive further agrees that, other than as needed to fulfill the authorized scope of Executive's duties with 3D Systems, Executive will not during the Employment Period or thereafter use for Executive's benefit or for others or divulge or convey to any other person (except those persons designated by 3D Systems) any Confidential Information obtained by Executive during the period of Executive's employment with 3D Systems. Executive agrees to observe all Company policies and procedures concerning such Confidential Information. Executive agrees that, except as may be permitted by written Company policies, Executive will not remove from Company's premises any of such Confidential Information without the written authorization of Company. Executive's obligations under this Agreement will continue with respect to Confidential Information until such information becomes generally available from public sources through no fault of Executive's. During the Employment Period and thereafter Executive shall not disclose to any person the terms and conditions of Executive's employment by 3D Systems, except: (i) to close family members, (ii) to legal and accounting professionals who require the information to provide a service to Executive, (iii) as required by law or (iv) to the extent necessary to inform a prospective or actual subsequent employer of Executive's duties and obligations under this Agreement. If Executive is requested, becomes legally compelled by subpoena or otherwise, or is required by a regulatory body to make any disclosure that is prohibited by this Section 5.5, Executive will, except to the extent prohibited by law, promptly notify Company so that 3D Systems may seek a protective order or other appropriate remedy if 3D Systems deems such protection or remedy necessary under the circumstances. Subject to the foregoing, Executive may furnish only that portion of Confidential Information that Executive is legally compelled or required to disclose. The restrictions set forth herein are in addition to and not in lieu of any obligations Executive may have by law with respect to Confidential Information, including any obligations Executive may have under the Uniform Trade Secrets Act and/or similar statutes as applicable in the state of Executive's residence and/or the state of Executive's primary work location. Despite the foregoing, nothing in this Agreement shall be deemed to restrict Executive from communicating with any member of the United States Congress, from giving truthful testimony in any legal proceeding instituted or maintained, or from fully and candidly cooperating in connection with any investigation, inquiry or proceeding undertaken by, any agency or representative of the United States government, any State, or any of their respective political subdivisions having authority over any aspect of Company's business operations, nor shall any such provision be deemed to require any party to seek the authority of the other in connection therewith.

f. Definition of Confidential Information. As used herein, "**Confidential Information**" shall include, but is not limited to, the following categories of information, knowledge, or data currently known or later developed or acquired relating to 3D Systems' business or received by 3D Systems in confidence from or about third parties, in each case when the same is not in the public domain or otherwise publicly available (other than as result of a wrongful act of an agent or employee of 3D Systems):

i. Any information concerning 3D Systems' products, business, business relationships, business plans or strategies, marketing plans, contract provisions, actual or

prospective suppliers or vendors, services, actual or anticipated research or development, new product development, inventions, prototypes, models, solutions, discussion guides, documentation, techniques, actual or planned patent applications, technological or engineering data, formulae, processes, designs, production plans or methods, or any related technical or manufacturing know-how or other information;

ii.Any information concerning 3D Systems' financial or profit data, pricing or cost formulas, margins, marketing information, sales representative or distributor lists, or any information relating to corporate developments (including possible acquisitions or divestitures);

iii.Any information concerning 3D Systems' current or prospective customer lists or arrangements, equipment or methods used or preferred by 3D Systems' customers, or the customers or patients of customers;

iv.Any information concerning 3D Systems' use of computer software, source code, object code, or algorithms or architecture retained in or related to 3D Systems' computer or computer systems;

v.Any personal or performance information about any 3D Systems' employee;

vi.Any information supplied to or acquired by 3D Systems under an obligation to keep such information confidential, including without limitation Protected Health Information (PHI) as that term is defined by the Health Insurance Portability and Accountability Act (HIPAA);

vii.Any information, whether or not designated as confidential, obtained or observed by Executive or other 3D Systems employees during training sessions related to Executive's work for 3D Systems;

viii.Any other information treated as trade secrets or otherwise confidential by 3D Systems.

Executive hereby acknowledges that some of this information may not be a "trade secret" under applicable law. Nevertheless, Executive agrees not to disclose it.

g. Inventions, Discoveries, and Work for Hire. Executive recognizes and agrees that all ideas, works of authorship, inventions, patents, copyrights, designs, processes (e.g., development processes), methodologies (e.g., development methodologies), machines, manufactures, compositions of matter, enhancements, and other developments or improvements and any derivative works based thereon, including, without limitation, potential marketing and sales relationships, research, plans for products or services, marketing plans, computer software (including source code and object code), computer programs, original works of authorship, characters, know-how, trade secrets, information, data, developments, discoveries, improvements, modifications, technology and algorithms, whether or not subject to patent or copyright protection (the "**Inventions**") that (i) were made, conceived, developed, authored or created by Executive, alone or with others, during the time of Executive's employment, whether or not during working hours, that relate to the business of 3D Systems or to the actual or

demonstrably anticipated research or development of 3D Systems, (ii) were used by Executive or other personnel of 3D Systems during the time of Executive's employment, even if such Inventions were made, conceived, developed, authored or created by Executive prior to the start of Executive's employment, (iii) are made, conceived, developed, authored or created by Executive, alone or with others, within one (1) year from the Termination Date and that relate to the business of 3D Systems or to the actual or demonstrably anticipated research or development of 3D Systems, or (iv) result from any work performed by Executive for 3D Systems (collectively with (i)-(iii), the "**Company Inventions**") are the sole and exclusive property of Company.

Notwithstanding the foregoing, Company Inventions do not include any Inventions made, conceived, developed, authored or created by Executive, alone or with others, for which no equipment, supplies, facility or trade secret information of 3D Systems was used and which were developed entirely on Executive's own time, unless (1) the Invention relates (A) to the business of 3D Systems, or (B) to the actual or demonstrably anticipated research or development of 3D Systems, or (2) the Company Invention results from any work performed by Executive for 3D Systems.

For the avoidance of doubt, Executive expressly disclaims any and all right title and interest in and to all Company Inventions. Executive acknowledges that Executive has and shall forever have no right, title or interest in or to any patents, copyrights, trademarks, industrial designs or other rights in connection with any Company Inventions.

Executive hereby assigns to Company all present and future right, title and interest Executive has or may have in and to the Company Inventions. Executive further agrees that (i) Executive will promptly disclose all Company Inventions to 3D Systems; and (ii) all of the Company Inventions, to the extent protectable under copyright laws, are "works made for hire" as that term is defined by the Copyright Act, 17 U.S.C. § 101, *et seq.*

At the request of and without charge to Company, Executive will do all things deemed by Company to be reasonably necessary to perfect title to the Company Inventions in Company and to assist in obtaining for Company such patents, copyrights or other protection in connection therewith as may be provided under law and desired by Company, including but not limited to executing and signing any and all relevant applications, assignments, or other instruments. Executive further agrees to provide, at Company' request, declarations or affidavits and to give testimony, in depositions, hearings or trials, in support of inventorship. These obligations continue even after the Termination Date. Company agrees that Executive will be reimbursed for reasonable expenses incurred in providing such assistance to Company. In the event Company is unable, after reasonable effort, to secure Executive's signature on any document or documents needed to apply for or prosecute any patent, copyright or other right or protection relating to any Company Invention, for any reason whatsoever, Executive hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact to act for and on Executive's behalf to execute and file any such application or other document and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, or similar protections thereon with the same legal force and effect as if executed by Executive.

For purposes of this Agreement, a Company Invention shall be deemed to have been made during Executive's employment if, during such period, the Company Invention was conceived, in part or in whole, or first actually reduced to practice or fixed in a tangible medium during Executive's employment with Company. Executive further agrees and acknowledges that any patent or copyright application filed within one (1) year after the Termination Date shall be presumed to relate to a Company Invention made during the term of Executive's employment unless Executive can provide evidence to the contrary.

h. Covenants Are Independent Elements. The parties acknowledge that the restrictive covenants contained in this Section 5 are essential independent elements of this Agreement and that, but for Executive agreeing to comply with them, Company would not continue to employ Executive and would not provide the compensation herein. Accordingly, the existence or assertion of any claim by Executive against Company, whether based on this Agreement or otherwise, shall not operate as a defense to Company's enforcement of the covenants this Section 5. An alleged or actual breach of the Agreement by the Company will not be a defense to enforcement of the provisions of Section 5 or other obligations of Executive to the Company.

i. Prior Employment. Executive hereby agrees that during the course and scope of the employment relationship with Company, Executive shall neither disclose nor use any confidential information, invention, or work of authorship derived from, developed or obtained in any prior employment relationship, and understands that any such disclosure or use would be injurious to the economic and legal interests of Company. Executive represents that Executive has informed Company of any non-competition, non-solicitation, confidentiality, work-for-hire or similar agreements to which Executive is subject or may be bound, and has provided Company with copies of any such non-competition and non-solicitation agreements.

j. Return of Data. In the event of the termination of Executive's employment with Company for any reason whatsoever, Executive agrees to deliver promptly to Company all formulas, correspondence, reports, computer programs and similar items, customer lists, marketing and sales data and all other materials pertaining to Confidential Information, and all copies thereof, obtained by Executive during the period of Executive's employment with Company which are in Executive's possession or under his control. Executive further agrees that Executive will not make or retain any copies of any of the foregoing and will so represent to Company upon termination of his employment.

k. Non-Disparagement. Executive agrees that during the Employment Period and at all times thereafter, Executive will not make any statement, nor imply any meaning through Executive's action or inaction, if such statement or implication would be adverse to the interests of 3D Systems, its customers or its vendors or may reasonably cause any of the foregoing embarrassment or humiliation; nor will Executive otherwise cause or contribute to any of the foregoing being held in disrepute by the public or any other 3D Systems customer(s), vendor(s) or employee(s). Company agrees to instruct its officers, directors and agents speaking regarding Executive with the prior knowledge and the express approval of an executive officer or director of the Company not to disparage Executive to future employers of the Executive or others; provided, however, that nothing contained in this Section 5.11 will restrict or impede

Company from (i) complying with any applicable law, legal process, regulation or stock exchange requirement, including disclosure obligations under securities laws and regulations, or a valid order of a court of competent jurisdiction or an authorized government agency or entity; (ii) making any statement required or reasonably desirable in connection with the enforcement or defense of any claim, legal proceeding or investigation involving Executive or the Company or any of their respective Affiliates; or (iii) providing information to any future employer or prospective employer of Executive regarding Executive's obligations under this Agreement or any other agreement to which Executive is a party. Nothing herein prevents disclosure, in the sole discretion of the Company and its employees, of this Agreement, or discussion of Executive's employment with, and separation of employment from, the Company, by and among employees and other agents of Company with a business need to know such information. The restrictions of this Section 5.11 shall apply to, but are not limited to, communication via the Internet, any intranet, or other electronic means, such as social media web sites, electronic bulletin boards, blogs, email messages, text messages or any other electronic message. The restrictions of this Section 5.11 shall not be construed to prohibit or limit Executive, Company or any other Person from testifying truthfully in any proceeding, arbitration or governmental investigation.

l. Injunctive Relief and Additional Remedies for Breach. Executive further expressly acknowledges and agrees that any breach or threatened breach of the provisions of this Section 5 shall entitle 3D Systems, in addition to any other legal remedies available to it, to obtain injunctive relief, to prevent any violation of this Section 5 without the necessity of 3D Systems posting bond or furnishing other security and without proving special damages or irreparable injury. Executive recognizes, acknowledges and agrees that such injunctive relief is necessary to protect 3D Systems' interest. Executive understands that in addition to any other remedies available to 3D Systems at law or in equity or under this Agreement for violation of this Agreement, other agreements or compensatory or benefit arrangements Executive has with 3D Systems may include provisions that specify certain consequences thereunder that will result from Executive's violation of this Agreement, which consequences may include repaying 3D Systems or foregoing certain equity awards or monies, and any such consequences shall not be considered by Executive or any trier of fact as a forfeiture, penalty, duplicative remedy or exclusive remedy. Notwithstanding Section 8.9, the exclusive venue for any action for injunctive or declaratory relief with respect to this Section 5 shall be the state or federal courts located in York County, South Carolina. Company and Executive hereby irrevocably consent to any such courts' exercise of jurisdiction over them for such purpose.

m. Notification to Third Parties. Company may, at any time during or after the termination of Executive's employment with Company, notify any person, corporation, partnership or other business entity employing or engaging Executive or evidencing an intention to employ or engage Executive as to the existence and provisions of this Agreement.

n. Cooperation. The parties agree that certain matters in which the Executive will be involved during the Employment Period may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the

Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at an hourly rate based on the Executive's Base Salary on the Termination Date.

6. No Mitigation.

In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and, except as otherwise provided herein, such amounts shall not be reduced whether or not Executive obtains other employment.

7. Clawback.

All incentive compensation paid to Executive pursuant to this Agreement or otherwise in connection with Executive's employment with Company shall be subject to forfeiture, recovery by Company or other action pursuant to any clawback or recoupment policy which Company may adopt from time to time.

8. Miscellaneous.

a. Valid Obligation. This Agreement has been duly authorized, executed and delivered by Company and has been duly executed and delivered by Executive and is a legal, valid and binding obligation of Company and of Executive, enforceable in accordance with its terms.

b. No Conflicts. Executive represents and warrants that the performance by Executive of the duties that are reasonably expected to be performed hereunder will not result in a material breach of any agreement to which Executive is a party.

c. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of South Carolina (the "**Applicable State Law**"), without reference to South Carolina's choice of law statutes or decisions.

d. Severability. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any one or more of the provisions hereof shall not affect the validity or enforceability of any other provision. If any provision of this Agreement shall be prohibited by or invalid under the Applicable State Law, the prohibited or invalid provision(s) shall be deemed severed herefrom and shall be unenforceable to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement. In the event any clause of this Agreement is deemed to be invalid, the parties shall endeavor to modify that clause in a manner which carries out the intent of the parties in executing this Agreement.

e. No Waiver. The waiver of a breach of any provision of this Agreement by any party shall not be deemed or held to be a continuing waiver of such breach or a waiver of any

subsequent breach of any provision of this Agreement or as nullifying the effectiveness of such provision, unless agreed to in writing by the parties.

f. Notices. All demands, notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by facsimile machine (with a confirmation copy sent by one of the other methods authorized in this Section), or by commercial overnight delivery service, to the parties at the addresses set forth below:

To Company: 3D Systems Corporation

333 Three D Systems Circle
Rock Hill, South Carolina 29730
Attention: Chief Legal Officer

To Executive: At the address and/or fax number most recently contained in Company's records

Notices shall be deemed given upon the earliest to occur of (i) receipt by the party to whom such notice is directed, if hand delivered; (ii) if sent by facsimile machine, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) such notice is sent if sent (as evidenced by the facsimile confirmed receipt) prior to 5:00 p.m. Central Time and, if sent after 5:00 p.m. Central Time, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) after which such notice is sent; or (iii) on the first business day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following the day the same is deposited with the commercial carrier if sent by commercial overnight delivery service. Each party, by notice duly given in accordance therewith may specify a different address for the giving of any notice hereunder.

g. Assignment of Agreement. This Agreement shall be binding upon and inure to the benefit of Executive and Company, their respective successors and permitted assigns and Executive's heirs and personal representatives. Executive may not assign any rights or obligations hereunder to any person or entity without the prior written consent of Company. This Agreement shall be personal to Executive for all purposes.

h. Entire Agreement; Amendments. Except as otherwise provided herein, this Agreement contains the entire understanding between the parties, and there are no other agreements or understandings between the parties with respect to Executive's employment by Company and Executive's obligations thereto other than Executive's indemnification or related rights under Company's certificate of incorporation or Bylaws or under any indemnification agreement between Company and Executive and Executive's rights under any equity incentive plans or bonus plans of Company. Subject to applicable law, Executive will be provided indemnification to the maximum extent permitted by the Company's bylaws and certificate of incorporation, including, if applicable, any directors and officers insurance policies, with such indemnification to be on terms determined by the Board or any of its committees, but on terms no less favorable than provided to any other Company executive officer or director and subject to the terms of any separate written indemnification agreement. Executive acknowledges that Executive is not relying upon any representations or warranties concerning Executive's

employment by Company except as expressly set forth herein. No amendment or modification to the Agreement shall be valid except by a subsequent written instrument executed by the parties hereto.

i. **Dispute Resolution and Arbitration.** The following procedures shall be used in the resolution of disputes:

i..Dispute. In the event of any dispute or disagreement between the parties under this Agreement (excluding an action for injunctive or declaratory relief as provided in Section 5.12), the disputing party shall provide written notice to the other party that such dispute exists. The parties will then make a good faith effort to resolve the dispute or disagreement. If the dispute is not resolved upon the expiration of fifteen (15) days from the date a party receives such notice of dispute, the entire matter shall then be submitted to arbitration as set forth in Section 8.9.2.

ii..Arbitration. Should any legal claim (other than those excepted below) arising out of or in any way relating to this Agreement or Executive's employment or the termination of Executive's employment not be resolved by negotiation or mediation, it shall be subject to binding and final arbitration in Rock Hill, South Carolina, which is in York County. The fees of the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought in a court of law shall be paid by Company. However, Executive shall be required to pay the amount of those fees equal to that which Executive would have been required to pay to file a lawsuit in court. Any demand for arbitration shall be in writing and must be communicated to the other party prior to the expiration of the applicable statute of limitations. Unless otherwise provided herein, the arbitration shall be conducted by a single arbitrator in accordance with the Employment Arbitration Rules and Mediation Procedures published by the American Arbitration Association. If the arbitrator selected as set forth herein determines that this location constitutes a significant hardship on the Executive and constitutes an impermissible barrier to Executive's efforts to enforce Executive's statutory or contractual rights, such arbitration may be conducted in some other place determined to be reasonable by the arbitrator. The arbitrator shall be selected by mutual agreement of the parties. If the parties cannot agree on an arbitrator within thirty (30) days after written request for arbitration is made by one party to the controversy, a neutral arbitrator shall be appointed according to the procedures set forth in the American Arbitration Association Employment Arbitration Rules and Mediation Procedures. In rendering the award, the arbitrator shall have the authority to resolve only the legal dispute between the parties, shall not have the authority to abridge or enlarge substantive rights or remedies available under existing law, and shall determine the rights and obligations of the parties according to the substantive laws of the Applicable State Law and any applicable federal law. In addition, the arbitrator's decision and award shall be in writing and signed by the arbitrator, and accompanied by a concise written explanation of the basis of the award. The award rendered by the arbitrator shall be final and binding, and judgment on the award may be entered in any court having jurisdiction thereof. The arbitrator is authorized to award any party a sum deemed proper for the time, expense, and trouble of arbitration, including arbitration fees and attorneys' fees.

iii. Types of Claims. All legal claims brought by Executive or Company related to this Agreement, the employment relationship, terms and conditions of Executive's employment, and/or termination from employment are subject to this dispute resolution procedure. These include, by way of example and without limitation, any legal claims based on alleged discrimination or retaliation on the basis of race, sex (including sexual harassment), religion, national origin, age, disability or other protected classification, whether based on state or federal law; payment of wages, bonuses, or commissions; workers' compensation retaliation; defamation; invasion of privacy; infliction of emotional distress and/or breach of an express or implied contract. Disputes and actions excluded from Section 8.9 are: (1) claims for workers' compensation or unemployment benefits; (2) claims for benefits under a Company plan or program that provides its own process for dispute resolution; (3) claims for declaratory or injunctive relief (any such proceedings will be without prejudice to the parties' rights under Section 8.9 to obtain additional relief in arbitration with respect to such matters); (4) claims for unfair labor practices filed with the National Labor Relations Board; and (5) actions to compel arbitration or to enforce or vacate an arbitrator's award under Section 8.9, such action to be governed by the Federal Arbitration Act ("FAA") and the provisions of Section 8.9. Nothing in this Agreement shall be interpreted to mean that Executive is precluded from filing complaints with the Equal Employment Opportunity Commission, the National Labor Relations Board or any similar state or federal agency. Any controversy over whether a dispute is arbitrable or as to the interpretation of Section 8.9 with respect to such arbitration will be determined by the arbitrator.

j. Survival. For avoidance of doubt, the provisions of Sections 4.5, 5, 7 and 8 of this Agreement shall survive the expiration or earlier termination of the Employment Period.

k. Headings. Section headings used in this Agreement are for convenience of reference only and shall not be used to construe the meaning of any provision of this Agreement.

l. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument. Signatures delivered via facsimile or electronic file shall be the same as original signatures.

m. Taxes. Executive shall be solely responsible for taxes imposed on Executive by reason of any compensation and benefits provided under this Agreement and all such compensation and benefits shall be subject to applicable withholding.

n. Section 409A of the Code. It is intended that this Agreement will comply with Section 409A of the Code (and any regulations and guidelines issued thereunder) to the extent the Agreement is subject thereto, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the parties hereto will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure by Company in good faith to act, pursuant to this Section 8.14, shall subject Company to any claim, liability, or expense, and Company shall not have any obligation to indemnify or otherwise protect Executive from the obligation to pay any taxes pursuant to Section 409A of the Code.

In addition, notwithstanding any provision to the contrary in this Agreement, if Executive is deemed on the date of Executive's "**separation from service**" (within the meaning of Treas. Reg. Section 1.409A1(h)) to be a "**specified employee**" (within the meaning of Treas. Reg. Section 1.409A1(i)), then with regard to any payment that is required to be delayed pursuant to Section 409A(a)(2)(B) of the Code (the "**Delayed Payments**"), such payment shall not be made prior to the earlier of (i) the expiration of the six (6) month period measured from the date of Executive's "separation from service" and (ii) the date of Executive's death. Any payments due under this Agreement other than the Delayed Payments shall be paid in accordance with the normal payment dates specified herein. In no case will the delay of any of the Delayed Payments by Company constitute a breach of Company's obligations under this Agreement. For the provision of payments and benefits under this Agreement upon termination of employment, reference to Executive's "termination of employment" (and corollary terms) with Company shall be construed to refer to Executive's "separation from service" from Company (as determined under Treas. Reg. Section 1.409A1(h), as uniformly applied by Company) in tandem with Executive's termination of employment with Company.

In addition, to the extent that any reimbursement or in-kind benefit under this Agreement or under any other reimbursement or in-kind benefit plan or arrangement in which Executive participates during the term of Executive's employment under this Agreement or thereafter provides for a "deferral of compensation" within the meaning of Section 409A of the Code, (i) the amount eligible for reimbursement or in-kind benefit in one calendar year may not affect the amount eligible for reimbursement or in-kind benefit in any other calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), (ii) the right to reimbursement or an in-kind benefit is not subject to liquidation or exchange for another benefit, and (iii) subject to any shorter time periods provided herein, any such reimbursement of an expense or in-kind benefit must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred.

If the sixty (60)-day period following a "separation from service" begins in one calendar year and ends in a second calendar year (a "**Crossover 60-Day Period**"), then any severance payments that would otherwise occur during the portion of the Crossover 60-Day Period that falls within the first year will be delayed and paid in a lump sum during the portion of the Crossover 60-Day Period that falls within the second year.

o. Limitation on Payments.

i. Parachute Payments. In the event that the payments and benefits provided for in this Agreement or other payments and benefits payable or provided to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 8.15, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's payments and benefits under this Agreement and other payments or benefits (the "**280G Amounts**") will be either:

- (1) delivered in full, or

(2) delivered as to such lesser extent which would result in no portion of such payments or benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of 280G Amounts, notwithstanding that all or some portion of the 280G Amounts may be taxable under Section 4999 of the Code.

ii. Reduction Order. In the event that a reduction of 280G Amounts is being made in accordance with Section 8.15.1, the reduction will occur, with respect to the 280G Amounts considered parachute payments within the meaning of Section 280G of the Code, in the following order:

i. reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the excise tax will be the first cash payment to be reduced);

ii. cancellation of equity awards that were granted “contingent on a change in ownership or control” within the meaning of Code Section 280G in the reverse order of date of grant of the awards (that is, the most recently granted equity awards will be cancelled first);

iii. reduction of the accelerated vesting of equity awards in the reverse order of date of grant of the awards (that is, the vesting of the most recently granted equity awards will be cancelled first); and

iv. reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first benefit to be reduced).

In no event will Executive have any discretion with respect to the ordering of payments.

iii. Accounting or Valuation Firm. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8.15 will be made in writing by a nationally recognized accounting or valuation firm (the “**Firm**”) selected by the Company, whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8.15, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 8.15. The Company will bear all costs and make all payments for the Firm’s services relating to any calculations contemplated by this Section 8.15.

p. Payment by Subsidiaries. Executive acknowledges and agrees that Company may satisfy its obligations to make payments to Executive under this Agreement by causing one or more of its subsidiaries to make such payments to Executive. Executive agrees that any such

payment made by any such subsidiary shall fully satisfy and discharge Company's obligation to make such payment to Executive hereunder (but only to the extent of such payment).

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written, to be effective at the Effective Date.

EXECUTIVE

/s/ Reji Puthenveetil

Reji Puthenveetil

3D Systems Corporation

/s/ Jeffrey A. Graves

By: Jeffrey A. Graves

Title: President and Chief Executive Officer

Schedule A – Consulting Agreement

Consulting Agreement

THIS CONSULTING AGREEMENT (the “Agreement”) is entered into on this 1st day of October, 2020 by and between 3D Systems Corporation, hereinafter referred to as “3D Systems”, and Mr. Reji Puthenveetil hereinafter referred to as “Mr. Puthenveetil” or “Consultant”. The Agreement shall become effective as described in paragraph 1 below.

WHEREAS, 3D Systems hereby engages Consultant as an independent contractor to render specific services to 3D Systems as directed by the President and Chief Executive Officer of 3D Systems (the “Services”), subject to the terms and conditions described below.

NOW, THEREFORE, the parties intending to be legally bound have entered into the following Agreement:

1. As of the date of this Agreement, Mr. Puthenveetil is employed by 3D Systems as Executive Vice President, Industrial Solutions. This Agreement shall only commence in the event that Mr. Puthenveetil’s employment with 3D Systems terminates, other than with cause, and as more fully described in Section 2 of Mr. Puthenveetil’s Employment Agreement with 3D Systems dated October 1, 2020 (the “Employment Agreement”), on a date prior to March 31, 2024. In such event, the commencement date of this Agreement shall be the Termination Date of his employment, as defined in the Employment Agreement (the “Commencement Date”).

2. Consultant will perform Services at such place(s) for 3D Systems, at the direction of the President and Chief Executive Officer to which the parties have mutually agreed.

3. Consultant represents that he possesses the requisite expertise and technical ability to perform the Services.

4. Consultant will devote such time as is reasonably necessary to complete the Services on such timelines as mutually agreed-upon between the parties.

5. Compensation: 3D Systems shall pay Consultant a consulting fee equal to One Hundred Ninety Two Dollars (\$192.00) per hour for the performance of the Services. Consultant shall present to 3D Systems invoices for Services rendered; 3D Systems shall pay all invoices within fifteen (15) days after the later of receipt of invoice and approval of the Services by 3D Systems, provided that other conditions to payment set forth in this Agreement are met. No payments will be made for services rendered by Consultant other than the Services unless such services are approved in writing by 3D Systems as amendments to this Agreement. The compensation terms from this Consulting Agreement are separate and distinct from the Employment Agreement.

6. 3D Systems will pay for pre-approved travel costs and related expenses incurred on behalf of 3D Systems by Consultant so long as such travel costs are incurred pursuant to 3D Systems’ Travel Policy.

7. Consultant is responsible for paying when due all income taxes, including estimated taxes, incurred as a result of the compensation paid by 3D Systems to Consultant for Services under this agreement. On request, Consultant will provide 3D Systems with proof of timely payment. Consultant agrees to indemnify 3D Systems for any claims, costs, losses, fees, penalties, interest, or damages suffered by 3D Systems resulting from Consultant's failure to comply with this provision.

8. The Consultant agrees to perform the Services hereunder solely as an independent contractor. The parties to this Agreement recognize that this Agreement does not create any actual or apparent agency, partnership, franchise, or relationship of employer and employee between the parties.

Further, the Consultant shall not be entitled to participate in any of 3D Systems benefits, including without limitations any health or retirement plans. The Consultant shall not be entitled to any remuneration, benefits, or expenses other than as specifically provided for in this Agreement; however, this section does not include or apply to the compensation and benefits that the Consultant is entitled to receive from 3D Systems under the Employment Agreement.

3D Systems shall not be liable for taxes, Worker's Compensation, unemployment insurance, employers' liability, employer's FICA, social security, withholding tax, or other taxes or withholding for or on behalf of the Consultant. All such costs shall be Consultant's responsibility.

9. Upon receipt of itemized vouchers, expense account reports and supporting documents, submitted to 3D Systems in accordance with 3D Systems' procedures then in effect, 3D Systems shall reimburse Consultant for all reasonable and necessary business expenses incurred ordinarily and necessarily by Consultant in connection with the performance of Consultant's Services hereunder.

10. The term of this Agreement shall begin on the Commencement Date and end on March 31, 2024, and may not be earlier terminated by 3D Systems. The parties may extend such term upon mutual agreement.

11. During the course of the engagement under this Agreement, it is anticipated that the Consultant will learn confidential or proprietary information of 3D Systems. The Consultant agrees to sign a Contractor Confidentiality Agreement, in such form as acceptable to 3D Systems, on the Commencement Date. Any breach of the Confidentiality Agreement is a material breach of this agreement.

12. Consultant agrees that all right, title and interest in and to any information and items made during the course of this Agreement and/or arising from the Services performed by Consultant, including without limitation, all inventions, designs, drawings, know-how, prototypes, developments, patents, copyrights, trademarks, or trade secrets, (hereinafter referred to as the "Work Product") shall be and hereby are assigned to the 3D Systems as its sole and exclusive property. Upon the 3D Systems' request Consultant agrees to assist 3D Systems, at 3D Systems' expense, to obtain any patents, copyrights, or trademarks for the Work Product,

including the disclosure of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, and assignments, and all other instruments and papers which 3D Systems shall deem necessary to apply for and to assign or convey to 3D Systems, its successors and assigns or nominees, the sole and exclusive right, title and interest in the Work Product. The fact that any Work Product is created by Consultant outside of 3D Systems' facilities or other than during Consultant's working hours with 3D Systems, shall not diminish 3D Systems' rights with respect to the Work Product.

13. At the termination of his engagement under this Agreement, Consultant will return to 3D Systems all drawings, specifications, manuals, and other printed or reproduced material (including information stored on machine readable media) provided by 3D Systems to Consultant, and/or which Consultant made or acquired in the performance of his Services under this Agreement, and all copies of such information made by Consultant.

14. Consultant agrees that during the term of his engagement with 3D Systems, and for a period of one year after the termination thereof, Consultant will not, directly or indirectly, either for his/her own use, or for the benefit of any other person, firm or corporation, divert or take away, or attempt to divert or take away, call on or solicit, any of 3D Systems' employees or customers.

15. Consultant's obligations to 3D Systems under paragraphs 11 and 12 of this Agreement are continuing obligations, and they shall continue in effect beyond the terms of this Agreement, or any earlier termination.

16. If any provision of this Agreement is determined to be invalid or unenforceable, then, unless the intent of this Agreement would fail, the provision shall be deemed to be severable from the remainder of this Agreement and shall not cause the invalidity or unenforceability of the remainder of this Agreement.

17. The parties acknowledge that this Agreement constitutes a personal contract with Consultant. Consultant may not transfer or assign this Agreement, or any part thereof, without the prior written approval of 3D Systems.

18. This Agreement has been entered into in the State of South Carolina and all questions with regard to the construction of this Agreement and the rights and liabilities of the parties hereunder shall be governed by the laws of South Carolina.

19. This Agreement contains the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous written or oral negotiations and agreements between the parties regarding the subject matter hereof. This Agreement may be amended only by a writing signed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and first above written.

3D SYSTEMS CORPORATION CONSULTANT

By: /s/ Andrew M. Johnson /s/ Reji Puthenveetil

Name: Andrew M. Johnson Reji Puthenveetil

Title: EVP, Chief Legal Officer and Secretary

Exhibit 31.1

**Certification of
Principal Executive Officer of
3D Systems Corporation**

I, Dr. Jeffrey A. Graves, certify that:

1. I have reviewed this report on Form 10-Q of 3D Systems Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

By: /s/ Dr. Jeffrey A. Graves
Dr. Jeffrey A. Graves

Title: President, Chief Executive Officer and Director
(principal executive officer)

Exhibit 31.2

**Certification of
Principal Executive Officer of
3D Systems Corporation**

I, Jagtar Narula, certify that:

1. I have reviewed this report on Form 10-Q of 3D Systems Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

By: /s/ Jagtar Narula
Jagtar Narula
Title: Chief Financial Officer
(principal financial officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the Quarterly Report on Form 10-Q (the "Form 10-Q") for the year ended September 30, 2020 of 3D Systems Corporation (the "Issuer").

I, Dr. Jeffrey A. Graves, President, Chief Executive Officer and Director (principal executive officer) of the Issuer, certify that, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge:

- (i) the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: November 5, 2020

/s/ Dr. Jeffrey A. Graves

Name: Dr. Jeffrey A. Graves
(principal executive officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the Quarterly Report on Form 10-Q (the "Form 10-Q") for the year ended September 30, 2020 of 3D Systems Corporation (the "Issuer").

I, Jagtar Narula, the Chief Financial Officer (principal financial officer) of the Issuer, certify that, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge:

- (i) the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: November 5, 2020

/s/ Jagtar Narula

Name: Jagtar Narula

(principal financial officer)