

3D SYSTEMS CORP
Form DEF 14A
March 31, 2005

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

3D SYSTEMS CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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

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- o Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

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3D SYSTEMS CORPORATION

**26081 Avenue Hall
Valencia, California 91355**

March 31, 2005

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of 3D Systems Corporation scheduled to be held on Tuesday, May 17, 2005 at 10:00 a.m., Pacific Daylight Time, at the offices of the Company at 26081 Avenue Hall, Valencia, California 91355. Your Board of Directors and senior management look forward to greeting you at the meeting.

At the meeting, you will be asked to elect the whole board of directors to serve until the next annual meeting, to approve an amendment to our Certificate of Incorporation to increase the authorized number of shares of Common Stock, and to ratify the selection of BDO Seidman, LLP as the Company's independent registered public accounting firm for 2005. These proposals are important, and we urge you to vote in favor of them.

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

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

Sincerely,

Abraham N. Reichental
*President and Chief Executive
Officer*

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 17, 2005

The Annual Meeting of Stockholders of 3D Systems Corporation, a Delaware corporation (the "Company"), will be held on Tuesday, May 17, 2005 at 10:00 a.m., Pacific Daylight Time, at the offices of the Company at 26081 Avenue Hall, Valencia, California 91355, for the following purposes:

To elect the whole Board of Directors;

To approve an amendment to our Certificate of Incorporation, as currently in effect, to increase the number of authorized shares of Common Stock from 25 million shares to 60 million shares;

To ratify the appointment of BDO Seidman, LLP as our independent registered public accounting firm for 2005; and

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

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

The Board of Directors has fixed the close of business on March 21, 2005 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting. A copy of our Annual Report on Form 10-K is enclosed, and additional copies are available upon request.

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

By Order of the Board of Directors

Robert M. Grace, Jr.
Secretary

Valencia, California
March 31, 2005

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3D SYSTEMS CORPORATION

**26081 Avenue Hall
Valencia, California 91355**

PROXY STATEMENT

Dated March 31, 2005

For the Annual Meeting of Stockholders

To Be Held on May 17, 2005

GENERAL INFORMATION

This Proxy Statement is being furnished to the holders of the Common Stock and Preferred Stock (as these terms are defined below) of 3D Systems Corporation, a Delaware corporation (the "Company"), in connection with the solicitation of proxies by our Board of Directors for use at the 2005 Annual Meeting of Stockholders (the "Annual Meeting") and any adjournments or postponements thereof. The Annual Meeting will be held at our offices at 26081 Avenue Hall, Valencia, California 91355 at 10:00 a.m., Pacific Daylight Time, on May 17, 2005. This Proxy Statement and the enclosed proxy card are first being mailed to stockholders on or about April 1, 2005.

VOTING MATTERS

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

Record Date and Voting Securities

The Board of Directors has fixed the close of business on March 21, 2005 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting. A list of the stockholders of record as of the record date will be kept at our principal office at 26081 Avenue Hall, Valencia, California 91355 for a period of ten days prior to the Annual Meeting. Holders of record of shares of Common Stock, par value \$0.001 per share (the "Common Stock"), and Series B Convertible Preferred Stock, par value \$0.001 per share (the "Preferred Stock"), outstanding as of the record date are entitled to notice of and to vote at the Annual Meeting.

Voting by Telephone

Stockholders of record may vote by calling the toll-free number listed on the proxy card. Telephone voting is available 24 hours a day, seven days a week, except that no telephone votes will be accepted after Midnight, Eastern Daylight Time, on Monday, May 16, 2005, the day prior to the

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

Voting by Mail

If you choose to vote by mail, simply mark, sign and date the enclosed proxy card, and return it in the enclosed postage-paid envelope. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be voted FOR the nominees for election to the Board of Directors described below, FOR the proposal to amend the Certificate of Incorporation, and FOR the ratification of the selection of the independent registered public accounting firm described below. On any other matters that properly may come before the Annual Meeting, your proxy will be voted as recommended by the Board of Directors or, if no recommendation is made, in the discretion of the proxy holders named on the enclosed proxy card.

If You Wish to Revoke Your Proxy

Whichever method you use to vote, you may later revoke your proxy at any time before your shares are voted at the Annual Meeting by (i) voting by telephone at a later time; (ii) submitting a properly signed proxy with a later date; or (iii) if you are a stockholder of record, voting in person at the Annual Meeting. Please remember that, as described above, there will be no telephone voting available after Midnight, Eastern Daylight Time, on Monday, May 16, 2005, the day prior to the Annual Meeting.

Voting in Person at the Annual Meeting

Any stockholder of record may vote in person at the Annual Meeting whether or not he or she has previously voted, and regardless of whether the prior vote was by telephone or by mail. If you hold your shares in "street name," that is, if you hold your shares through a bank, broker or other nominee holder, you must obtain a written proxy, executed in your favor, from the nominee holding your shares in order to vote your shares in person at the Annual Meeting.

Quorum; Broker Non-Votes; Abstentions

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

Since broker non-votes are not treated as votes cast at the Annual Meeting, they will have no effect on the election of directors, because the directors are elected by a plurality of the votes cast. For the same reason, votes to "withhold" with respect to the election of directors also will have no effect on the outcome of the election of directors. Since broker non-votes are not treated as votes cast, they also will have no effect on any matters before the Annual Meeting which require the affirmative vote of the majority of the total votes cast, such as ratification of the selection of the Company's

independent registered public accounting firm. Abstentions on proposals that require the majority of the votes cast will have the same effect as a vote against such proposals. Since the proposed amendment to the Certificate of Incorporation requires the affirmative vote of at least a majority of the shares entitled to vote at the Annual Meeting, broker non-votes and abstentions will have the same effect as a vote against the proposed amendment.

Voting on Other Matters

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

Multiple Accounts

Stockholders who hold shares in more than one account, shares that are registered in different names or shares that are held through one or more banks, brokerage firms or other nominees may receive more than one proxy card or voting instruction card for shares that they own. **Please sign, date and return all proxy cards and voting instruction cards that you receive to ensure that all of your shares are represented and voted at the Annual Meeting.**

Voting Policies

Regardless of the method by which you vote, if you specify the manner in which your shares are to be voted on a matter, the shares represented by your proxy will be voted in accordance with your instructions. If you grant an otherwise valid proxy without giving specific voting instructions, your shares will be voted FOR the election of the director nominees described below, FOR the proposal to amend the Certificate of Incorporation, and FOR the ratification of the selection of the Company's independent registered public accounting firm.

If you hold your shares in a brokerage account or through another nominee holder, you are considered the "beneficial owner" of shares held in "street name," and these proxy materials are being forwarded to you by your broker or other nominee holder along with a voting instruction card. As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares, and that party is required to vote your shares in accordance with your instructions. In limited circumstances, a nominee holder is entitled to vote your shares in the absence of specific voting instructions from you on matters that are considered "routine."

The Company understands that each of the three proposals that are to be voted on at the Annual Meeting are considered to be "routine" proposals. Accordingly, if you do not give specific voting instructions to your broker or other nominee holder, that party will be entitled to vote your shares in its discretion on the election of directors, the proposal to amend the Certificate of Incorporation, and the ratification of the appointment of our independent registered public accounting firm.

Vote Required

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

Election of Directors. The directors are elected by a plurality of the votes cast in the election.

Approval of the Amendment to the Certificate of Incorporation. The amendment of the Certificate of Incorporation must be approved by a majority of the outstanding shares of Common Stock and Preferred Stock entitled to vote, voting as a single class.

Ratification of Selection of Auditors. The ratification of the appointment of the independent registered public accounting firm must be approved by the affirmative vote of the holders of a majority of the votes cast at the Annual Meeting.

VOTING SECURITIES

The Common Stock and the Preferred Stock are our only voting securities currently outstanding. As of the close of business on March 21, 2005, the record date for the Annual Meeting, there were 14,640,420 shares of Common Stock and 2,616,516 shares of Preferred Stock issued and outstanding. Each share of Common Stock and each share of Preferred Stock is entitled to one vote on each matter to be voted on at the Annual Meeting, and the Common Stock and Preferred Stock will vote together as a single class on all matters to be voted on at the Annual Meeting. Therefore, an aggregate of 17,256,936 votes could possibly be cast at the Annual Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth (a) as of the date indicated in the applicable Schedule 13D or 13G with respect to each person identified as having filed a Schedule 13D or 13G and (b) as of March 7, 2005 with respect to the other persons listed in the table, the number of outstanding shares of Common Stock and Preferred Stock and the percentage of each class beneficially owned:

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

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

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

Except as otherwise indicated in the footnotes to the table, and subject to applicable community property laws, each person has the sole voting and investment power with respect to the shares beneficially owned. The address of each person listed is in care of 3D Systems Corporation, 26081 Avenue Hall, Valencia, California 91355, unless otherwise noted.

| Name and Address of Beneficial Owner | Shares of Common Stock Beneficially Owned(1) | | Shares of Preferred Stock Beneficially Owned(1) | |
|--|---|-------------------------|--|-------------------------|
| | Number of Shares | Percentage Ownership | Number of Shares | Percentage Ownership |
| The Clark Estates, Inc. One Rockefeller Plaza New York, New York 10020 | 2,061,301(2) | 14.1% | 833,333 | 31.8% |
| T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, Maryland 21202 | 1,790,348(3) | 12.2% | 263,482 | 10.1% |
| Daruma Asset Management, Inc. 80 East 40th Street, 9th Floor New York, New York 10018 | 1,351,900(4) | 9.2% | | |
| St. Denis J. Villere & Company, L.L.C. 210 Baronne Street, Suite 808, New Orleans, Louisiana 70112 | 2,043,214(5) | 13.9% | | |
| 3D Systems 2003 Grat c/o Bernard Selz 600 Fifth Avenue, 25th Floor New York, NY 10020 | 665,000(6) | 4.5% | 665,000 | 25.4% |
| Austin W. Marx and David M. Greenhouse 153 East 53rd Street, 55th Floor New York, New York 10022 | 827,475(7) | 5.7% | | |
| Jay R. Harris 130 East End Avenue New York, New York 10028 | 848,973(8) | 5.8% | 99,700 | |
| Miriam V. Gold | 64,133(9) | * | | |
| Charles W. Hull | 571,831(10) | 3.9% | 8,333 | * |
| Jim D. Kever | 153,615(11) | 1.0% | | |
| G. Walter Loewenbaum, II | 1,455,130(12) | 9.6% | 208,334 | 8.0% |
| Kevin S. Moore | 2,099,284(13) | 13.3% | 833,333 | 31.8% |

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| | | | | |
|---|---------------|-------|-----------|-------|
| Abraham N. Reichental | 340,780(14) | 2.3% | | |
| Richard C. Spalding | 24,521(15) | * | | |
| Daniel S. Van Riper | 2,323 | * | | |
| Robert M. Grace, Jr. | 30,212(16) | * | | |
| Kevin McAlea | 118,948(17) | * | 3,333 | * |
| Fred R. Jones | 49,132(18) | * | | |
| All current directors and executive officers as a group (15 persons) | 5,051,630(19) | 29.4% | 1,056,166 | 40.4% |

*

Less than one percent

(1)

The percentage ownership is based on 14,640,420 shares of Common Stock and 2,616,516 shares of Series B Convertible Preferred Stock outstanding as of March 21, 2005. Common Stock numbers include, with respect to the stockholder in question, (a) Common Stock issuable upon exercise of options exercisable within 60 days after March 21, 2005, (b) Common Stock issuable upon conversion of outstanding 6% convertible subordinated debentures, (c) Common Stock issuable upon conversion of outstanding shares of Series B Convertible Preferred Stock, and (d) Common Stock subject to pending restricted stock awards made to the executive officers. All outstanding 6% convertible subordinated debentures and all outstanding shares of Series B Convertible Preferred Stock are currently convertible into Common Stock. Each share of Series B Convertible Preferred Stock is convertible into one share of Common Stock.

(2)

Includes (a) 933,272 shares of Common Stock, (b) 833,333 shares of Series B Convertible Preferred Stock that are convertible into a like number of shares of Common Stock, and (c) 294,696 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures. The Clark Estates, Inc. is a private investment firm. Kevin S. Moore, a director of the Company, is the President and a director of that firm and is the President of Ninth Floor Corporation, which is the general partner of Clark Partners I, L.P. The Clark Estates, Inc. provides management and administrative services to Clark Partners I, L.P., which in turn owns certain of our securities. Information regarding the beneficial ownership of our securities by The Clark Estates, Inc. is taken from Amendment No. 4 to the Schedule 13D filed by that firm on December 10, 2003.

(3)

These securities are owned by various individual and institutional investors, including T. Rowe Price Small-Cap Value Fund, Inc. (which owns 1,050,000 shares of Common Stock directly, 263,482 shares of Series B Convertible Preferred Stock that are convertible into a like number of shares of Common Stock and 451,866 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures, representing in the aggregate 12.2% of the shares of the Common Stock outstanding assuming such conversion), for which T. Rowe Price Associates, Inc. serves as investment advisor with power to direct and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act, T. Rowe Price is deemed to be a beneficial owner of these securities; however, T. Rowe Price expressly disclaims that it is the beneficial owner of these securities.

All information regarding the beneficial ownership of our securities by T. Rowe Price, other than ownership of Series B Convertible Preferred Stock and the 6% convertible subordinated debentures, is taken exclusively from Amendment No. 3 to the Schedule 13G filed by T. Rowe Price on February 12, 2005.

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- (4) Daruma Asset Management, Inc., a New York corporation, is an investment advisor registered under the Investment Advisors Act of 1940. These securities are beneficially owned by one or more investment advisory clients whose accounts are managed by Daruma. The investment advisory contracts relating to these accounts grant to Daruma sole investment and/or voting power over the securities owned by the accounts. Therefore, Daruma may be deemed to be the beneficial owner of these securities for purposes of Rule 13d-3 under the Exchange Act. Daruma has sole power to dispose or direct the disposition of 1,351,900 shares of Common Stock and sole power to vote or direct the vote of 604,300 shares of Common Stock. Mariko O. Gordon owns in excess of 50% of the outstanding voting stock and is the president of Daruma. Ms. Gordon may be deemed to be the beneficial owner of securities held by persons and entities advised by Daruma for purposes of Rule 13d-3. Daruma and Ms. Gordon each disclaim beneficial ownership in any of these securities. Daruma and Ms. Gordon are of the view that they are not acting as a "group" for purposes of Section 13(d) under the Exchange Act and that they are not otherwise required to attribute to each other the "beneficial ownership" of securities held by any of them or by any persons or entities advised by Daruma. Information regarding the beneficial ownership of our securities by Daruma is taken from Amendment No. 4 to the Schedule 13G/A filed by Daruma and Mrs. Gordon on February 14, 2005.
- (5) St. Denis J. Villere & Company is a Louisiana limited liability company and an investment advisor registered under the Investment Advisors Act of 1940. As of January 31, 2005, Villere was deemed to have or to share voting or dispositive power over and therefore to own beneficially 2,043,214 shares of Common Stock. Of that amount, Villere had sole voting and dispositive power over 119,788 shares of Common Stock and shared voting and dispositive power over 1,923,426 shares of Common Stock. Information regarding the beneficial ownership of our securities by Villere is taken from Amendment No. 3 to the Schedule 13G filed by Villere dated February 25, 2005.
- (6) Represents 665,000 shares of Series B Convertible Preferred Stock that are convertible into a like number of shares of Common Stock.
- (7) Austin W. Marx and David M. Greenhouse jointly filed an Amendment No. 1 to Schedule 13G dated February 12, 2005 which states that they share voting and dispositive power over a total of 827,475 shares of Common Stock (including 687,623 shares issuable upon conversion of 6% convertible subordinated debentures) owned by the investment funds listed below. Such Schedule 13G states that Messrs. Marx and Greenhouse are the controlling principals of AWM Investment Company, Inc. ("AWM"), the general partner of and investment adviser to Special Situations Cayman Fund, L.P. AWM also serves as the general partner of the investment adviser to Special Situations Fund III, L.P. Messrs. Marx and Greenhouse are also members of MG Advisors, L.L.C., the general partner of and investment adviser to Special Situations Private Equity Fund, L.P. and are members of SST Advisers, LLC, the general partner of and investment adviser to Special Situations Technology Fund, L.P. and Special Situations Technology Fund II, L.P. The Schedule 13G states that the principal business of each fund is to invest in equity and equity-related securities and securities of any kind or nature.
- (8) Mr. Harris filed an Amendment No. 1 to Schedule 13G on February 14, 2005 that states that he is the beneficial owner of 848,973 shares of Common Stock, including 619,901 shares beneficially owned by Goldsmith & Harris Incorporated, a broker-dealer registered under Section 15 of the Exchange Act and an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, by virtue of its investment discretion over accounts of its clients that hold such shares of Common Stock or such convertible securities. Such 619,901 shares include 66,700 shares of Common Stock issuable upon conversion of a like number of shares of Series B Convertible Preferred Stock and 29,469 shares issuable upon conversion of 6% convertible subordinated debentures. Goldsmith & Harris has the sole power to dispose or to direct the disposition of such shares. Such Amendment No. 1 to Schedule 13G indicates that, in addition to the foregoing

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shares beneficially owned by Goldsmith & Harris, Mr. Harris has the sole power to vote or to direct the vote of 209,785 shares of Common Stock, and the sole power to dispose or to direct the disposition of 229,072 shares of Common Stock, including 33,000 shares of Common Stock issuable upon the conversion of a like number of shares of Series B Convertible Preferred Stock and 49,115 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures. Such Schedule 13G indicates that Mr. Harris' beneficial ownership of the foregoing shares is derived through his direct, personal ownership of shares of Common Stock, his individual retirement account, his power of attorney for various accounts, his position as President of the Jay and Sandra Harris Foundation, his position as General Partner of One GT Associates, and his position as President of Goldsmith & Harris.

- (9) Includes, in addition to 3,300 shares owned directly by Ms. Gold, 60,833 shares of Common Stock covered by outstanding options exercisable within 60 days after March 21, 2005.
- (10) Includes (a) 2,088 shares of Common Stock that Mr. Hull holds directly, (b) 85,000 shares of Common Stock covered by outstanding options exercisable within 60 days after March 21, 2005, (c) 474,010 shares of Common Stock and 8,333 shares of Series B Convertible Preferred Stock that are convertible into a like number of shares of Common Stock held in the Charles William Hull and Charlene Antoinette Hull 1992 Revocable Living Trust for which Mr. and Mrs. Hull serve as trustees, and (d) 2,400 shares of Common Stock covered by a restricted stock award made under our 2004 Incentive Stock Plan that Mr. Hull has the right to accept on or before April 25, 2005. Mr. Hull disclaims beneficial ownership, except to the extent of his pecuniary interest therein, of the shares of Common Stock issuable upon conversion of the Series B Convertible Preferred Stock described above. During 2004, Mr. Hull adopted a Rule 10b5-1 Sales Plan pursuant to which his brokerage firm sells 2,000 shares of Common Stock each month for his account or for the account of the trust referred to above; *provided* that the market price of the Common Stock on the date of sale is above a fixed price.
- (11) Includes (a) 35,333 shares of Common Stock that Mr. Kever holds directly, (b) 60,833 shares of Common Stock covered by outstanding options exercisable within 60 days after March 21, 2005, (c) 24,558 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures, and (d) 8,333 shares of Common Stock held by a trust for the benefit of Mr. Kever's minor children, for which he serves as trustee, as well as an additional 24,558 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures that are held by such trust. Mr. Kever disclaims beneficial ownership of the shares and other securities held by that trust except to the extent of his pecuniary interest in them.
- (12) Includes (a) 510,066 shares of Common Stock that Mr. Loewenbaum owns directly, (b) 45,371 shares held in the name of Lillian Shaw Loewenbaum, Mr. Loewenbaum's wife, (c) 6,181 shares held in the name of The Lillian Shaw Loewenbaum Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (d) 62,719 shares held in the name of The Loewenbaum 1992 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (e) 151,900 shares held in the name of G. Walter Loewenbaum CGM Profit Sharing Custodian, G. Walter Loewenbaum Trustee, Mr. Loewenbaum's pension plan, (f) 39,510 shares held in the name of the Anna Willis Loewenbaum 1993 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (g) 39,510 shares held in the name of the Elizabeth Scott Loewenbaum 1993 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (h) 10,947 shares held in the name of Wally's Trust u/w/o Joel Simon Loewenbaum for which Mr. Loewenbaum serves as trustee, (i) 228,333 shares of Common Stock covered by outstanding options exercisable within 60 days after March 21, 2005, (j) 208,334 shares of Series B Convertible Preferred Stock which are convertible into a like number of shares of Common Stock, and (k) 152,259 shares issuable upon conversion of 6% convertible subordinated debentures. Mr. Loewenbaum disclaims beneficial ownership except to the extent of his pecuniary interest

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therein of (i) 83,496 shares issuable upon conversion of 6% convertible subordinated debentures and (ii) any other securities not directly held by him.

- (13) Includes (a) 4,006 shares of Common Stock that Mr. Moore owns directly, (b) 33,977 shares issuable upon exercise of outstanding options exercisable within 60 days after March 21, 2005, and (c) 2,061,301 shares beneficially owned by The Clark Estates, Inc., with respect to which Mr. Moore disclaims beneficial ownership except to the extent of his pecuniary interest therein. See Note 2 above.
- (14) Includes (a) 100,000 shares of Common Stock that Mr. Reichental owns directly, (b) 166,664 shares covered by outstanding options exercisable within 60 days after March 21, 2005, (c) 49,116 shares issuable upon conversion of 6% convertible subordinated debentures, and (d) 25,000 shares of Common Stock covered by a restricted stock award made under our 2004 Incentive Stock Plan that he has the right to accept on or before April 25, 2005.
- (15) Includes (a) 3,000 shares of Common Stock held directly by Mr. Spalding and (b) 21,521 shares covered by outstanding options exercisable within 60 days after March 21, 2005.
- (16) Includes (a) 10,000 shares of Common Stock that Mr. Grace holds directly, (b) 10,000 shares covered by outstanding options exercisable within 60 days after March 21, 2005, (c) 4,912 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures, and (d) 5,300 shares of Common Stock covered by a restricted stock award made under our 2004 Incentive Stock Plan that he has the right to accept on or before April 25, 2005.
- (17) Includes (a) 111,250 shares covered by outstanding options exercisable within 60 days after March 21, 2005, (b) 3,333 shares of Series B Convertible Preferred Stock that are convertible into a like number of shares of Common Stock, (c) 1,965 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures, and (d) 2,400 shares of Common Stock covered by a restricted stock award made under our 2004 Incentive Stock Plan that Mr. McAlea has the right to accept on or before April 25, 2005.
- (18) Includes (a) 10,000 shares of Common Stock that Mr. Jones owns directly, (b) 33,332 shares covered by outstanding options exercisable within 60 days after March 21, 2005, and (c) 5,800 shares of Common Stock covered by a restricted stock award made under our 2004 Incentive Stock Plan that he has the right to accept on or before April 25, 2005.
- (19) Includes an aggregate of (a) 2,500,857 shares of outstanding Common Stock beneficially owned, directly or indirectly, by all 15 directors and executive officers as a group, (b) 890,743 shares covered by outstanding options exercisable within 60 days after March 21, 2005, (c) 1,056,166 shares of Series B Convertible Preferred Stock that are convertible into a like number of shares of Common Stock, (d) 552,064 shares of Common Stock issuable upon conversion of 6% convertible subordinated debentures, and (e) 51,800 shares of Common Stock covered by restricted stock awards made under our 2004 Incentive Stock Plan that the executive officers have the right to accept on or before April 25, 2005. The amounts of these securities beneficially owned by directors and named executive officers are referred to in the notes above.

**PROPOSAL ONE:
ELECTION OF DIRECTORS**

At the 2004 Annual Meeting, the stockholders, by the vote of more than two-thirds of the then outstanding Common Stock and Preferred Stock, approved the removal of the provisions of our Certificate of Incorporation (the "Charter") which previously had divided the Board of Directors into three classes serving staggered three-year terms. To provide for an orderly transition, the directors then in office were entitled to remain in office until the end of their then respective terms. In view of the overwhelming support for the Charter amendments by the stockholders who voted at the 2004 Annual Meeting, each of the directors with a term scheduled to expire after the 2005 Annual Meeting has voluntarily agreed to resign from each such extended term effective at the 2005 Annual Meeting and to stand for re-election at the Annual Meeting.

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

Shares of Common Stock or Preferred Stock represented by a duly executed proxy that we receive will be voted FOR the election of the director nominees named below unless otherwise specified in the proxy. If any nominee becomes unavailable for any reason or if a vacancy should occur before the election (which events are not anticipated), the shares represented by a duly executed proxy may be voted in favor of such other person as may be determined by the holders of such proxies.

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

Information Concerning Nominees

The following table sets forth for each nominee for director, his or her business experience for the past five years, the year in which he or she first became a director, and his or her age as of March 1, 2005.

| Name | Business Experience | Director Since | Age |
|-----------------|--|-----------------------|------------|
| Miriam V. Gold | Ms. Gold has been Deputy General Counsel of Ciba Specialty Chemicals Corporation, a specialty chemicals company, since July 2002. Previously, she served as Assistant General Counsel of Ciba Specialty Chemicals Corporation, and its predecessors, Novartis Inc. and Ciba-Geigy Corporation. | 1994 | 55 |
| Charles W. Hull | Executive Vice President and Chief Technology Officer of the Company. He has served in various executive positions with the Company for more than five years. | 1993 | 65 |

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| | | | |
|--------------------------|--|------|----|
| Jim D. Kever | Mr. Kever has been a Principal in Voyent Partners, LLC, a venture capital partnership, since 2001. Previously, he was associated with WebMD Corporation (formerly Envoy Corporation), an internet-based healthcare services company, in its Transaction Services Division as the President and Co-Chief Executive Officer beginning in August 1995. He is also a director of Transaction Systems Architects, Inc., a supplier of electronic payment software products and network integration solutions, Luminex Corporation, a manufacturer of laboratory testing equipment, and Tyson Foods, Inc., an integrated processor of food products. | 1996 | 52 |
| G. Walter Loewenbaum, II | Chairman of the Board of Directors. Mr. Loewenbaum is the President and Chief Executive Officer of STI Healthcare, Inc., a software developer that provides software for the analysis of patient medical records for hospitals. Until 2004, he was a director, and for a time Managing Director, of LeCorgne Loewenbaum LLC, an investment banking firm. Prior to 2000, he served as Chairman and Chief Executive Officer of Loewenbaum & Company (formerly Southcoast Capital Corp.), an investment banking and investment management firm that he founded. He also serves as the Chairman of the Board of Luminex Corporation. | 1999 | 60 |
| Kevin S. Moore | Mr. Moore has been with The Clark Estates, Inc., a private investment firm, for more than five years, where he is currently President and a director. He is also a director of Cyberonics, Inc., a manufacturer of implantable medical devices, Aspect Resources LLC, The Clark Foundation and the National Baseball Hall of Fame & Museum, Inc. | 1999 | 50 |
| Abraham N. Reichental | President and Chief Executive Officer of the Company since September 19, 2003. For more than five years prior to joining the Company, he served in executive management positions with Sealed Air Corporation, a global manufacturer of food, protective and specialty packaging materials, most recently serving as a corporate officer and Vice President and General Manager of its Shrink Packaging Division from May 2001 until September 2004 and previously as Vice President Asia-Pacific. | 2003 | 48 |

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| | | | |
|---------------------|--|------|----|
| Richard C. Spalding | Mr. Spalding has been a Partner of Thomas Weisel Healthcare Venture Partners, a venture capital group that he co-founded, since April 2004. He has also served as a General Partner of ABS Ventures, a venture capital group, since January 2000. Prior to that, he served as Vice President and Chief Financial Officer of Portal Software, an internet billing company, between February 1997 and March 1999. | 2001 | 54 |
| Daniel S. Van Riper | Mr. Van Riper has been a Special Advisor to Sealed Air Corporation, a manufacturer of food, protective and specialty packaging materials, since January 2002. He was previously Senior Vice President and Chief Financial Officer of that company between July 1998 and January 2002. Prior to July 1998, he was a partner of KPMG LLP for 25 years. He is a director of Hubbell Incorporated, a manufacturer of electrical and electronics products, New Brunswick Scientific Co., Inc., a manufacturer of biotechnology equipment, and DOV Pharmaceutical, Inc., a biopharmaceutical company. Prior to its acquisition by Lyondell Chemical Company on December 1, 2004, Mr. Van Riper was also a director of Millennium Chemicals, Inc., an international chemical company. | 2004 | 64 |

DIRECTOR INDEPENDENCE

The Board of Directors is comprised of a majority of independent directors. The Board has determined that Ms. Gold and Messrs. Kever, Moore, Spalding and Van Riper are independent directors as defined in the listing standards of the National Association of Securities Dealers, Inc. ("NASD").

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

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

2004 Meetings of the Board of Directors

During 2004, the Board of Directors held six meetings (excluding actions by unanimous written consent). The Board of Directors holds executive sessions with only non-management directors in attendance at its regular meetings and at other meetings when circumstances warrant those sessions. Each member of the Board of Directors attended at least 75 percent of the aggregate number of meetings of the Board of Directors and of the committees of the Board on which he or she served during 2004.

Mr. Van Riper was elected a member of the Board of Directors on December 8, 2004, after being recommended for nomination to the Board of Directors by the Corporate Governance and Nominating Committee. He was initially identified as a candidate for election to the Board of Directors by the Company's Chief Executive Officer and the Chairman of the Board of Directors. He has not yet been appointed to any committees of the Board of Directors, and no determination has been made as to any

committees of the Board of Directors to which he may be appointed. There are no arrangements or understandings between him and any other person pursuant to which he was elected as a director, and, prior to his election as a director, there were no relationships or transactions between him and the Company.

Audit Committee

The principal responsibilities of the Audit Committee are to assist the Board of Directors in fulfilling its responsibilities for monitoring and overseeing our systems of internal accounting and financial controls; our public reporting processes; the retention, performance, qualifications and independence of our independent registered public accounting firm; the performance of our internal audit function; the annual independent audit of our consolidated financial statements; the integrity of our consolidated financial statements; and our compliance with legal and regulatory requirements. The Audit Committee has the ultimate authority and responsibility to select, evaluate, approve terms of retention and compensation of, and, where appropriate, replace our independent registered public accounting firm, subject to ratification of the selection of that public accounting firm by our stockholders at the annual meeting of stockholders.

The current members of the Audit Committee are Messrs. Spalding (Chairman), Kever and Moore. The Board of Directors has determined that all members of the Audit Committee meet the independence standards for audit committee members set forth in The Sarbanes-Oxley Act of 2002 and in the listing standards of the NASD. In addition, the Board of Directors has determined that each member of the Audit Committee is an "audit committee financial expert" as defined in Item 401(h)(1) of Regulation S-K and therefore meets the NASD listing standards' requirement of having accounting or related financial management expertise. The Audit Committee held five meetings in 2004 (excluding actions by unanimous written consent). During 2004, the Audit Committee also held private sessions with our independent registered public accounting firm and the Director of Internal Audit at several of its meetings, and the Chairman of the Audit Committee holds regular conferences with the Director of Internal Audit.

The report of the Audit Committee is set forth beginning on page 28 of this Proxy Statement.

Corporate Governance and Nominating Committee

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

The principal responsibilities of the Corporate Governance and Nominating Committee are to assist the Board of Directors in identifying individuals qualified to become Board members, to recommend to the Board of Directors nominees to be elected at annual meetings of stockholders and to fill vacancies or newly created directorships at other times; to recommend to the Board the corporate governance guidelines applicable to the Company; to lead the Board of Directors in its annual review of the performance of the Board of Directors and its committees; and to recommend to the Board of Directors nominations of the directors to serve on each committee. The current members of the Corporate Governance and Nominating Committee are Messrs. Moore (Chairman), Kever and Ms. Gold, each of whom is an independent director as defined in the listing standards of the NASD. The Corporate Governance and Nominating Committee held three meetings in 2004 (excluding actions by unanimous written consent).

The Committee will consider director nominees recommended by stockholders in accordance with a policy adopted by the Board. Recommendations should be submitted to the Corporate Secretary of the Company in writing at our offices in Valencia, California, along with additional required

information about the nominee and the stockholder making the recommendation. A copy of the policy is attached to this Proxy Statement as Annex A and posted on our web site at www.3DSystems.com.

The Committee and the Board have also approved qualifications for nomination to the Board. A copy of those qualifications is attached to this Proxy Statement as Annex B. The process by which the Committee identifies and evaluates nominees for director is the same regardless of whether the nominee is recommended by a stockholder. When the Board or the Committee has identified the need to add a new Board member with specific qualifications or to fill a vacancy on the Board, the chairman of the Committee will initiate a search, seeking input from other directors and senior management and hiring a search firm, if necessary. The initial list of candidates that satisfy the specific criteria, if any, and otherwise qualify for membership on the Board will be identified by the Committee. At least one member of the Committee (generally the chairman) and the Chief Executive Officer will interview each qualified candidate. Other directors will also interview the candidate if possible. Based on a satisfactory outcome of those reviews, the Committee will make its recommendation for approval of the candidate to the Board.

Our By-Laws include a procedure that stockholders must follow in order to nominate a person for election as a director at an annual meeting of stockholders, other than a nomination submitted by a stockholder to the Corporate Governance and Nominating Committee under the policy and procedure described above. The By-Laws require that timely notice of the nomination in proper written form including all required information be provided to the Secretary of the Company. A copy of our By-Laws is posted on our web site at www.3DSystems.com.

Compensation Committee

The Compensation Committee is comprised solely of "independent" directors, as that term is defined in the listing standards of the NASD and Section 162(m) of the Internal Revenue Code. The members of the Compensation Committee are also "Non-Employee Directors" as defined in Rule 16b-3(b)(3)(i) promulgated under the Securities Exchange Act of 1934, as amended. The principal responsibilities of the Compensation Committee are to determine the compensation of all executive officers and of the other employees of the Company or any of our subsidiaries with a base annual salary of \$200,000 or more; to review the performance and compensation of the Chief Executive Officer; to administer our equity compensation plans and to authorize the issuance of shares of Common Stock under those plans; and to perform the duties and responsibilities of the Board of Directors under our Section 401(k) Plan. Consistent with the requirements of the listing standards of the NASD, the Chief Executive Officer may not be present during voting or deliberations regarding his or her compensation. The members of the Compensation Committee are Ms. Gold (Chair) and Mr. Moore. The Compensation Committee held six meetings in 2004 (excluding actions by unanimous written consent).

Compensation Committee Interlocks and Insider Participation

None of our current executive officers served during 2004 as a director of any entity with which any of our outside directors is associated, and none of the members of the Compensation Committee has been an officer or employee of the Company or any of our subsidiaries.

DIRECTOR COMPENSATION

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

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

Mr. Loewenbaum receives \$180,000 per year for his services as Chairman of the Board.

Directors Stock Plan

At the May 19, 2004 Annual Meeting of Stockholders, the stockholders approved the Restricted Stock Plan for Non-Employee Directors (the "Directors Stock Plan"). Under this Plan, each director who is not an officer or employee of the Company or of our subsidiaries or affiliates (referred to in the Plan as a "Non-Employee Director") is eligible to receive grants of Common Stock under the Plan as described below. Of the current directors, Ms. Gold and Messrs. Kever, Loewenbaum, Moore, Spalding and Van Riper are entitled to participate in this Plan and to receive certain stock grants, as follows:

Annual Grants. Upon the adjournment of each annual meeting of the stockholders, each Non-Employee Director who has been elected a director at that annual meeting will receive a grant of 3,000 shares of Common Stock.

Interim Grants. Any Non-Employee Director who is elected a director at other than an annual meeting will receive on the date of election a pro rata portion of the annual grant that the director would have received if elected at an annual meeting.

Initial Grants. Each newly elected Non-Employee Director will receive an initial grant of 1,000 shares of Common Stock when he or she is first elected to the Board.

As a result of the adoption of this Plan, each of Ms. Gold and Messrs. Kever, Loewenbaum, Moore and Spalding received a grant of 3,000 shares of Common Stock upon the adjournment of the 2004 Annual Meeting, each of which had a value of \$11.23 per share or \$33,690 in the aggregate on the date of grant. Mr. Van Riper received an initial and interim grant of 2,323 shares of Common Stock upon his election as a director on December 8, 2004, which had a value of \$16.80 per share or \$39,026 in the aggregate on the date of grant. An amount equal to the fair market value of each award on the date of grant less the amount paid by the director for the number of shares awarded is recorded in our accounts as of the date of grant as director compensation expense. At December 31, 2004, each of the 3,000 share awards made following the 2004 Annual Meeting had a fair market value of \$59,640, and the 2,323 shares awarded to Mr. Van Riper had a fair market value of \$46,181.

As a condition of each award under the Directors Stock Plan, each participant is required to pay an issue price equal to the \$0.001 par value per share of Common Stock issued under the Plan, to execute an agreement to hold the shares covered by such grant in accordance with the terms and conditions of the Plan (including without limitation restrictions on transferability provided for in the Plan) and to comply with certain other terms and conditions of the grant. The Plan authorizes the issuance of up to 200,000 shares of Common Stock for awards under the Plan, subject to adjustment in the event of changes in the Common Stock by reason of any stock dividend, stock split, combination of shares, reclassification, recapitalization, merger, consolidation, reorganization or liquidation.

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

1996 Non-Employee Directors Stock Option Plan

Until its termination following the approval of the Directors Stock Plan at the 2004 Annual Meeting, we maintained the 1996 Non-Employee Directors Stock Option Plan, under which each Non-Employee Director received stock options covering 10,000 shares of Common Stock at the first meeting of the Board of Directors following each annual meeting of the stockholders. Ms. Gold and Messrs. Kever, Loewenbaum, Moore and Spalding participated in this Plan.

The 1996 Non-Employee Directors Stock Option Plan also provided that, if a Non-Employee Director was elected or appointed a director at other than an annual meeting of stockholders, that person would be granted at the time of his or her election stock options covering a pro rata portion of 10,000 shares of Common Stock multiplied by a fraction, the numerator of which equaled 365 minus the number of days between the last annual meeting of stockholders and the date of grant, and the denominator of which was 365. These options were granted with an exercise price equal to 100% of the fair market value of the Common Stock on the date of grant. These options are not exercisable in the first six months following their grant (except in the case of death), vest as to one-third of the shares covered by each grant on the first, second and third anniversaries of the date of grant, and are thereafter exercisable until the tenth anniversary of the grant date, subject to certain limitations if the option holder ceases to be a director. This Plan was terminated (except with respect to outstanding options thereunder) upon the approval of the Directors Stock Plan by the stockholders at the 2004 Annual Meeting of Stockholders, and accordingly no options were granted under it in 2004.

The following table sets forth, for each of the current directors who received options under the 1996 Non-Employee Directors Stock Option Plan, certain information regarding the exercise of stock options previously granted under that Plan during 2004, the number of shares of Common Stock underlying stock options previously granted under that Plan held at the end of 2004, and the value of options previously granted under that Plan held at the end of 2004 based upon the last reported sales price (\$19.88 per share) of the Common Stock on The Nasdaq National Market on December 31, 2004. The value of in-the-money options at December 31, 2004 reported in the table is the amount by which the fair market value of those options at that date exceeded the exercise price of the options.

| Name | Shares Acquired on Exercise | Value Realized | Number of Securities Underlying Unexercised Options at December 31, 2004 | | Value of Unexercised In-the-Money Options at December 31, 2004 | |
|--------------------------|-----------------------------------|-------------------|---|---------------|--|---------------|
| | | | Exercisable | Unexercisable | Exercisable | Unexercisable |
| Miriam V. Gold | 3,333 | \$ 16,490 | 60,832 | 10,001 | \$ 465,332 | \$ 97,141 |
| Jim D. Kever | | | 57,499 | 10,001 | \$ 457,815 | \$ 97,141 |
| G. Walter Loewenbaum, II | | | 3,333 | 6,667 | \$ 39,163 | \$ 78,337 |
| Kevin S. Moore | | | 30,643 | 10,001 | \$ 227,788 | \$ 97,141 |
| Richard C. Spalding | | | 18,187 | 10,001 | \$ 115,386 | \$ 97,141 |

Mr. Loewenbaum holds options covering an additional 225,000 shares of Common Stock that were awarded to him between 1999 and 2002, while he was an employee of the Company. At December 31, 2004, 200,000 of these options were exercisable with an in-the-money value of \$2,396,625, and the remainder, which were not then exercisable, had an in-the-money value of \$203,250.

The shares acquired by Ms. Gold in 2004 were covered by an option that was scheduled to expire during 2004 at a date subsequent to its date of exercise.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth, as to the President and Chief Executive Officer and as to each of the other most highly compensated officers, information concerning all compensation paid to each of those individuals for services to the Company in all capacities for each of the three years ended December 31, 2004 during which such individuals served as executive officers of the Company, as indicated below.

| Name and Principal Position | Year Ended December 31 | Annual Compensation(1) | | Long-Term Compensation Awards | | |
|---|---------------------------|---------------------------|------------|--|------------------------|---------------------------|
| | | Salary | Bonus(2) | Number of Securities Underlying Options | Stock Awards(2),(3) | All Other Compensation |
| Abraham N. Reichental(4) | 2004 | \$ 450,000 | | | | \$ 134,417 |
| President and Chief Executive Officer | 2003 | \$ 114,231 | \$ 100,000 | 400,000 | \$ 725,000 | \$ 14,916 |
| Charles W. Hull(5) | 2004 | \$ 275,000 | | | | \$ 9,121 |
| Executive Vice President, Chief Technology Officer | 2003 | \$ 275,000 | | | | \$ 5,041 |
| Kevin McAlea(6) | 2002 | \$ 275,000 | | | | \$ 2,040 |
| Vice President | 2004 | \$ 250,000 | | | | \$ 2,310 |
| Fred R. Jones(7) | 2003 | \$ 217,724 | | 55,000 | | \$ 23,062 |
| Vice President and Chief Financial Officer | 2004 | \$ 250,000 | | | | \$ 174,765 |
| Robert M. Grace, Jr.(8) | 2003 | \$ 225,000 | | 100,000 | \$ 98,000 | \$ 129,495 |
| Vice President, General Counsel and Secretary | 2004 | \$ 225,000 | | | | \$ 129,495 |
| | 2003 | \$ 30,288 | | 40,000 | \$ 96,000 | |

- (1) Perquisites, other personal benefits, securities and property paid or accrued during each year not otherwise reported did not exceed for any named executive officer the lesser of \$50,000 or 10% of the annual compensation reported in the Summary Compensation Table for that individual. We maintain a Section 401(k) plan under which eligible employees, including the named executive officers, may contribute a part of their annual compensation on a before-tax basis. Subject to certain conditions and to an annual limit of \$1,500 for each participant, participating employees receive matching contributions equal to 50% of the amount of their contributions.
- (2) In lieu of cash bonuses for 2004, on February 24, 2005, the Compensation Committee granted a 25,000 share restricted stock award to Mr. Reichental and a 5,300 share restricted stock award to Mr. Grace. The Committee granted cash bonuses to Messrs. Hull, McAlea and Jones of \$40,000, \$40,000 and \$97,000. As an alternative to those cash bonuses, the Committee granted restricted stock awards to Messrs. Hull, McAlea and Jones covering 2,400 shares, 2,400 shares and 5,800 shares, respectively, of Common Stock. Each of those restricted stock awards was made under the 2004 Incentive Stock Plan, can be accepted in whole or in part by each of such individuals on or before April 25, 2005, if accepted, requires each recipient to pay \$1.00 for each share of Common Stock covered by such recipient's award, and the shares covered by each award are subject to forfeiture if the recipient leaves the employ of the Company within three years after the date of grant other than as a result of death or disability. To the extent that Messrs. Hull, McAlea or Jones do not accept the foregoing restricted stock awards, their cash bonuses will be paid to them promptly after April 25, 2005. The fair market values of the shares covered by the foregoing restricted stock awards made to Messrs. Reichental, Grace, Hull, McAlea and Jones were \$507,500, \$107,590, \$48,720, \$48,720 and \$117,740 based on the \$20.30 closing price of the Common Stock on their date of grant.
- (3) For 2003, represents the fair market value on the respective dates of hire of the individuals listed of a grant of shares of Common Stock. The total number of shares of Common Stock covered by grants made to each named executive officer during 2003 is set forth in the following table together with the fair market value of such shares at December 31, 2004:

| Name | Number of Shares | Value at December 31, 2004 |
|------|---------------------|----------------------------------|
| Abra | | |