

STRATASYS INC
Form DEF 14A
March 31, 2011

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

STRATASYS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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 - 4) Date Filed:
-

STRATASYS, INC.

7665 Commerce Way
Eden Prairie, Minnesota 55344-2020
952.937.3000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date 3:30 p.m. Central Time, on April 28, 2011

Place Stratasys, Inc.
Corporate Headquarters
7665 Commerce Way
Eden Prairie, MN 55344

Items of Business

- To elect six directors to serve until the next Annual Meeting of Stockholders and until their successors are duly elected and qualified.
- To vote on an advisory proposal to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2011.
- To vote on an advisory proposal to approve the executive compensation paid by the Company to its named executive officers under Item 402 of Regulation S-K, otherwise known as "Say on Pay."
- To vote on an advisory proposal to establish the frequency of submission to stockholders of advisory Say on Pay proposals, otherwise known as "Say on Frequency."
- To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Our Board of Directors recommends a vote FOR each nominee named in the proxy statement; FOR the ratification of the appointment of Grant Thornton as our independent registered public accounting firm; FOR the advisory proposal to approve the executive compensation paid by the Company to its named executive officers; and FOR a period of one (1) year as the frequency of submission to stockholders of advisory Say on Pay proposals.

Record Date You are entitled to vote if you were a stockholder as of the close of business on March 9, 2011.

Voting We urge you to read this proxy statement and vote your shares promptly. You may vote shares you own directly in person by attending the Annual Meeting. You may also vote shares you own directly by proxy by (i) signing and returning the form of proxy in the enclosed envelope, (ii) the Internet, or (iii) toll-free telephone call. You may revoke your proxy at any time before it is voted, and if you wish, you may attend the Annual Meeting and vote in person even if you have previously signed a proxy. If a broker, trustee or nominee holds your shares, you may instruct them on how you want your shares voted. Specific instructions to be followed in order to vote are set forth on the enclosed proxy card or voting instruction form provided by your broker, trustee or nominee.

By Order of the Board of Directors
ROBERT F. GALLAGHER
Chief Financial Officer and Secretary

Eden Prairie, Minnesota
April 1, 2011

This Notice of Annual Meeting of Stockholders, Proxy Statement and form of proxy are first being distributed on or about April 1, 2011.

Important Notice Regarding the Availability of Materials for the Annual Meeting to be held on April 28, 2011:

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This Notice of Annual Meeting and Proxy Statement, our 2010 Annual Report to Stockholders and the Form of Proxy are available at <http://materials.proxyvote.com/862685>.

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7665 Commerce Way
Eden Prairie, Minnesota 55344-2020
952.937.3000

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

APRIL 28, 2011

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Why am I receiving these materials?

We sent you this proxy statement and the enclosed form of proxy because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting of Stockholders to be held at 3:30 p.m., Central Time, on April 28, 2011, at Stratasys Corporate Headquarters, 7665 Commerce Way, Eden Prairie, Minnesota. This proxy statement provides information that we are required to provide to you under the rules of the Securities and Exchange Commission (the "SEC") for the purpose of assisting you in voting your shares.

How can I obtain Stratasys' Form 10-K?

A copy of our 2010 Annual Report on Form 10-K is enclosed as a part of our 2010 Annual Report to Stockholders (including beneficial owners of our common stock). Our Form 10-K is also available via our website at www.stratasys.com, or via the SEC's website at www.sec.gov. Stockholders may also obtain a copy of our Form 10-K free of charge upon written request to Stratasys, Inc., Attention: Shane Glenn, Director of Investor Relations, 7665 Commerce Way, Eden Prairie, Minnesota 55344. We will furnish any exhibit to the 2010 Form 10-K if specifically requested.

What items of business will be voted on at the Annual Meeting?

- The election of six directors to serve until the next Annual Meeting of Stockholders and until their successors are duly elected and qualified.
- An advisory proposal to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2011.
- An advisory proposal to approve the executive compensation paid by the Company to its named executive officers under Item 402 of Regulation S-K, otherwise known as "Say on Pay."
- An advisory proposal to establish the frequency of submission to stockholders of advisory Say on Pay proposals, otherwise known as "Say on Frequency."

We will also consider any other business that is properly brought before the Annual Meeting.

How does the Board recommend I vote?

Our Board recommends that you vote FOR each of the director nominees, FOR the proposal to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2011, FOR the advisory proposal to approve the executive compensation paid by the Company to its named executive officers (Say on Pay), and FOR "one (1) year" as the frequency for voting on Say on Pay proposals (Say on Frequency).

What shares can I vote?

Our only class of stock outstanding is common stock, par value \$.01 per share. Each share of common stock outstanding as of the close of business on the record date, March 9, 2011, is entitled to one vote on all items of business at the Annual Meeting. You may vote all shares you owned at that time, which may be (1) shares held directly in your name as the stockholder of record and/or (2) shares held for you as beneficial owner through a broker, trustee or other nominee, such as a bank. On the record date, there were 21,137,635 shares of common stock outstanding and entitled to vote. There were 86 stockholders of record and approximately 11,673 beneficial owners on the record date. The closing price of the common stock for that date, as quoted on the Nasdaq Global Select Market, was \$46.60.

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What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most stockholders hold their shares through a broker or other nominee rather than directly in their own names. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, Continental Stock Transfer Company, you are considered to be, with respect to those shares, a stockholder of record, and these proxy materials are being sent directly to you by Stratasys. You may have stock certificates for those shares or they may be registered in book-entry form under the direct registration system. As the stockholder of record, you have the right to grant your voting proxy directly to our proxy holders or to vote in person at the Annual Meeting. We have enclosed a proxy card for your use.

Beneficial Owner. If your shares are held in a brokerage account or by a trustee or nominee, you are considered to be the beneficial owner of shares held in “street name,” and these proxy materials are being forwarded to you together with a voting instruction form by the broker, trustee or nominee or an agent hired by the broker, trustee or nominee. As a beneficial owner, you have the right to direct your broker, trustee or nominee how to vote, and you are also invited to attend the Annual Meeting.

As a beneficial owner is not the stockholder of record, you may not vote these shares directly at the Annual Meeting unless you obtain a “legal proxy” from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares.

How can I vote my shares in person at the Annual Meeting?

Shares held in your name as the stockholder of record may be voted on a ballot that we will provide to you at the Annual Meeting. Shares held beneficially in street name may be voted on a ballot only if you bring a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instruction form as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

How can I vote my shares without attending the Annual Meeting?

Whether you hold shares directly as a stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by submitting a proxy. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or nominee. For directions on how to vote, please refer to the instructions below and those on the proxy card or voting instruction form you are provided.

You may cast your vote by proxy as follows:

- By Internet—Stockholders of record may vote using the Internet by voting at the website listed on the enclosed proxy card. Beneficial owners may vote by accessing the website specified on the voting instruction form provided by their brokers, trustees or nominees. Please check the voting instruction form for Internet voting availability.
- By telephone—Stockholders of record may vote by using the toll-free telephone number listed on the enclosed proxy card. Beneficial owners may vote by telephone by calling the number specified on the voting instruction forms provided by their brokers, trustees or nominees.
- By mail—Stockholders of record may vote by completing, signing, dating and mailing the enclosed proxy card in the accompanying pre-addressed postage paid envelope. Beneficial owners may vote by completing, signing and dating the voting instruction forms provided by their brokers, trustees or nominees and mailing them in the enclosed pre-addressed envelope.

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Are the proxy statement and annual report available electronically?

This proxy statement and our 2010 Annual Report on Form 10-K are available on our website at www.stratasys.com, at the SEC's website at www.sec.gov, and at <http://materials.proxyvote.com/862685>.

Can I change my vote?

If you are a stockholder of record and have submitted a proxy card, you can change your vote by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked, unless you vote again. You may also revoke your proxy at any time before it is voted by sending a written and dated notice of revocation or by submitting a signed proxy bearing a later date, in either case, to Stratasys, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Broadridge must receive any such revocation of proxy by 5:00 p.m., Eastern Time, on April 27, 2011, for it to be effective.

If you voted on the Internet or by telephone, you may change your vote by voting at the Annual Meeting or by following the instructions for changing your vote on the enclosed proxy card.

If your shares are held in street name or by a broker, trustee or nominee, you may change your vote by following the instructions provided to you by your broker, trustee or nominee. If you have obtained a legal proxy from your broker, trustee or nominee giving you the right to vote your shares, you can change your vote by attending the Annual Meeting and voting in person.

What is the quorum required in order to conduct business at the Annual Meeting?

A majority of the shares outstanding at the record date must be present at the Annual Meeting in order to establish the quorum necessary to hold the meeting and conduct business. Shares are counted as "present" at the Annual Meeting if the stockholder attends the meeting in person or is represented at the meeting by proxy.

Because of a change in New York Stock Exchange and Nasdaq rules, brokers, banks and other nominees are not permitted to vote without instructions from the beneficial owner in the election of directors, or on the advisory resolution on executive compensation or the advisory vote on the frequency of conducting future advisory votes on executive compensation. Therefore, if your shares are held through a broker, bank or other nominee, they will not be voted on these matters unless you affirmatively vote your shares in one of the ways described above. If you are a beneficial owner, your broker, bank or other nominee is permitted to vote your shares on the ratification of Grant Thornton LLP as our independent registered public accounting firm even if the broker, bank or other nominee does not receive voting instructions from you.

What is the voting requirement to approve the election of directors and any other proposal and how are votes counted?

- Directors are elected by a plurality of the votes cast for the election of directors at the Annual Meeting. In the election of directors, you may vote for all of the nominees or you may withhold your vote with respect to one or more of the nominees.
- Approval of the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm as well as an advisory proposal to approve the executive compensation that we paid to our named executive officers (Say on Pay) requires the affirmative vote of a majority of the shares present at the meeting, in person or by proxy, and entitled to vote on the matter.
- Approval of an advisory proposal to establish the frequency of submission to stockholders of advisory Say on Pay proposals (Say on Frequency) will be the number of years (one, two or three) that receives the largest number of affirmative votes of the shares present at the meeting, in person or by proxy, and entitled to vote on the matter.

If you provide specific instructions (mark boxes) with regard to certain proposals, your shares will be voted as you instruct. If you sign and return your proxy card or voting instruction form without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board. The proxy holders will vote in their discretion on any other matters that properly come before the Annual Meeting.

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If you are a stockholder of record and do not return your proxy card, or do not vote via the Internet or by telephone, your shares will not be voted. However, if you hold shares beneficially in street name, the result will be different. If you do not return the voting instruction form, your broker may vote your shares in certain circumstances and on certain proposals. Generally, brokers may vote shares they hold for you in their own discretion on the proposals to ratify the selection of an independent registered public accounting firm and certain other routine matters, if you do not give them instructions on how to vote. Brokers may not, however, vote your shares in their discretion on the election of directors, the Say on Pay or Say on Frequency proposals, but may only vote in accordance with instructions from the beneficial owners.

Where brokers are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions (commonly referred to as "broker non-votes"), those shares will be included in determining the presence of a quorum at the meeting, but are not considered "present" for the purposes of voting on non-discretionary matters. Such shares have no impact on the outcome of such proposals. The election of directors, the vote on "Say on Pay" and the vote on "Say on Frequency" are the non-discretionary matters that will be considered at the 2011 Annual Meeting.

What happens if additional matters are presented at the Annual Meeting?

Other than the proposals described in this proxy statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxy holders, S. Scott Crump and Thomas W. Stenoien, will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting in accordance with their best judgment. If for any unforeseen reason any of our nominees is not available as a candidate for reelection as a director, the proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

Who will count the votes?

We will appoint two individuals to act as inspectors of election to tabulate the votes cast at the Annual Meeting.

What does it mean if I receive more than one set of voting materials?

It means you have multiple accounts with the transfer agent and/or with brokers and banks. Please complete, sign, date and return to us each proxy card and voting instruction form you receive.

We used to get multiple copies of these materials, but now we only get one. Why?

If you and others at your mailing address hold stock through a bank, broker or other institution, you were probably notified that your household would start receiving only one annual report and proxy statement for each company whose stock you hold that way. This practice is known as "householding." Its purpose is to reduce the volume of duplicate information you receive and to reduce associated printing and postage costs. If you received such a notice, unless you responded that you did not want to participate in householding, your household will receive a single copy of the proxy statement and annual report, accompanied by separate voting instruction forms for each stockholder. If you want to receive multiple household copies in the future, please contact the bank, broker or other institution through which you hold your shares.

Who will pay the costs of soliciting votes for the Annual Meeting?

Stratasys is making this solicitation and will pay the entire cost of preparing, printing, mailing and distributing these proxy materials and soliciting votes with respect to the Annual Meeting. In addition to the mailing of these proxy materials, the solicitation of proxies may be made in person, by telephone or by electronic communication by certain of our directors, officers and other employees, who will not receive any additional compensation for such activities. We will also reimburse brokerage firms, banks, and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in forwarding proxy and solicitation materials to the beneficial owners of our common stock.

Where can I find the voting results of the Annual Meeting?

We expect to announce preliminary voting results at the Annual Meeting and publish final results in a current report on Form 8-K within four business days after our Annual Meeting. You can access that Form 8-K, and all of our other reports filed with the SEC, on our website, www.stratasys.com, or at the SEC's website, www.sec.gov.

Is a list of stockholders entitled to vote at the Annual Meeting available?

The list of stockholders of record as of the record date will be available at the Annual Meeting. It will also be available during business hours for ten days prior to the date of the Annual Meeting, between the hours of 9:00 a.m. and 4:00 p.m., Central Daylight Time, Monday through Friday, at our principal executive office, 7665 Commerce Way, Eden Prairie, Minnesota. Any Stratasys stockholder may examine the list for any purpose germane to the Annual Meeting.

What is the deadline to propose actions for consideration at next year's Annual Meeting?

If a stockholder intends to present a proposal at our 2012 Annual Meeting of Stockholders, we must receive it no later than November 25, 2011, in order for it to be included in the proxy statement and form of proxy relating to that meeting. If the date of the meeting is changed by more than 30 calendar days from the date on which this year's meeting is held, or if the proposal is to be presented at any meeting other than the next Annual Meeting of Stockholders, we must receive the proposal at our principal executive office at a reasonable time before the solicitation of such proxies for such meeting is made.

Stockholder proposals for business matters to be conducted at the 2012 Annual Meeting, including nominations of persons to serve as directors of Stratasys, but not to be considered for inclusion in our proxy statement and form of proxy relating to our 2012 Annual Meeting, must be received no later than January 31, 2012. Such proposals should be directed to our Secretary at 7665 Commerce Way, Eden Prairie, Minnesota 55344.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the 2011 Annual Meeting, please read this Proxy Statement and promptly vote your shares on the Internet, by telephone or by completing, signing, and dating your enclosed proxy or voting instruction form and returning it in the enclosed envelope.

PROPOSAL 1:

ELECTION OF DIRECTORS

Nominees For Election as Directors

Our Board of Directors currently has six members. The directors to be elected at the Annual Meeting will serve until the next Annual Meeting of Stockholders and until their successors are duly elected and qualified. Proxies not marked to the contrary will be voted FOR the election to the Board of Directors of the following six persons, all of whom are incumbent directors. All nominees were elected as directors at the 2010 Annual Meeting. The following information provides the age and business experience as of March 9, 2011, of the nominees for election. All nominees have consented to being named as such in this proxy statement and have agreed to serve if elected. If, as a result of circumstances not presently known, any of such nominees declines or is unable to serve as a director, proxies will be voted for the election of such other person as the Board of Directors may select, or the Board may reduce the number of Directors constituting the Board of Directors.

S. Scott Crump, age 57, has served as our Chief Executive Officer, President, Treasurer and a director since our inception in 1988 and as Chief Financial Officer from February 1990 to May 1997. Mr. Crump is, with Lisa H. Crump, his wife, a co-founder of Stratasys, and he is the inventor of Stratasys' FDM® technology. During the period from 1982 to 1988, Mr. Crump was a co-founder and Vice President of Sales of IDEA, Inc., which later changed its name to SI Technologies, Inc., a leading manufacturer of force, load and pressure transducers. Mr. Crump continued to be a director and shareholder of that company until its sale to Vishay Intertechnologies, Inc. (NYSE: VSH) in April 2005. Mr. Crump, a registered professional engineer, is the son of Ralph E. Crump, a director of Stratasys. Scott Crump is one of the founders of our company and as the inventor of our FDM technology, he is intimately familiar with our products and our business. In addition, Mr. Crump has extensive knowledge of the rapid prototyping and direct digital manufacturing markets as well as our competitors and their products. His perspective helps to guide Stratasys' strategic plans. We have determined that since he has been involved with the development of our business as well as the RP and DDM markets generally since their inception, Mr. Crump is well suited to serve as a director of Stratasys.

Ralph E. Crump, age 87, has been a director of Stratasys since 1990. Mr. Crump is President of Crump Industrial Group, an investment firm located in Trumbull, Connecticut. He was a founder and director of Osmonics, Inc., now GE Osmonics, a manufacturer of reverse osmosis water filtration devices, until it was acquired by General Electric Company (NYSE:GE) in February 2003. Mr. Crump was chairman of SI Technologies, Inc. until April 1, 2005, when it was sold to Vishay Intertechnologies, Inc. (NYSE: VSH). In 1962, Mr. Crump founded Frigitronics, Inc., a manufacturer of ophthalmic goods and medical instruments, and was its President and Chairman of the Board until it was acquired by Revlon in 1986. Mr. Crump was also a director of Mity Enterprises, Inc. (Nasdaq: MITY), a manufacturer of institutional furniture, until July 17, 2007, when it was acquired by a wholly owned subsidiary of MITY Holdings, Inc., an affiliate of Sorenson Capital Partners, L.P., and Peterson Partners LP. He is a Trustee of the Alumni Foundation of UCLA and a member of the Board of Overseers for the Thayer Engineering School at Dartmouth College. Mr. Crump is the father of S. Scott Crump. In his decades in business, Mr. Crump has developed extensive experience in manufacturing and operations as well as sales and marketing, which we believe are invaluable contributions to our Board. We have determined that, as a founder and director of several public companies, Mr. Crump has extensive experience with entrepreneurial technology companies, which makes him well suited to serve as a director of Stratasys.

John J. McEleney, age 48, has been a director of Stratasys since 2007. He is the Chief Executive Officer of Cloud Switch, a privately held software company. He served as a director of SolidWorks Corporation, a wholly owned subsidiary of Dassault Systemes S.A. (Nasdaq: DASTY), from June 2000 to May 2008, and also served as its Chief Executive Officer from 2001 until June 2007. Mr. McEleney joined SolidWorks in 1996, serving in several capacities, including Chief Operating Officer and Vice President, Americas Sales. Prior to joining SolidWorks, Mr. McEleney held several key management positions at CAD software pioneer Computervision and at defense contractor Raytheon. Mr. McEleney also serves as a director of Newforma, a privately held software company. We believe that Mr. McEleney's experience as both a chief operating officer and a chief executive officer of a CAD software company affords him a unique insight into an important element of our business, which helps our Board understand the requirements of those who use our products and services. We have determined that Mr. McEleney's industry experience in 3D CAD software and his understanding of the market makes him well suited to serve as a director of Stratasys.

Edward J. Fierko, age 70, has been a director of Stratasys since February 2002. Since May 2003, Mr. Fierko has been President of EJF Associates, a consulting firm. From March 2003 to May 2003, Mr. Fierko was Vice President of GE Osmonics, Inc., a manufacturer of reverse osmosis water filtration devices. From November 1999 through February 2003, he served as President and Chief Operating Officer of Osmonics, and from November 1998 to September 1999 he served as Executive Vice President of Osmonics. From September 1987 to August 1998, Mr. Fierko was President and CEO of Ecowater International, a holding company with operating companies in the water, waste and special process treatment industry. Prior to that, Mr. Fierko held several management positions over a 23-year career at General Electric Company. Mr. Fierko has developed extensive expertise in all phases of manufacturing operations, which has helped to guide both the Board and management in developing and our implementing manufacturing plans. In addition, as the CFO of a division of a public company and the Chairman of our Audit Committee, Mr. Fierko is intimately familiar with our finances and works closely with our CFO on developing financial strategies for our company. Accordingly, We have determined that Mr. Fierko's operational experience in manufacturing companies as well as experience in overseeing the accounting function of a division of a public company as its CFO makes him well suited to serve as a director of Stratasys.

Clifford H. Schwieter, age 63, has been a director of Stratasys since 1994. Since 2009, Mr. Schwieter has been the President and a Managing Director of C.H. Schwieter and Associates, LLC, a management and financial consulting firm; he also served in that capacity from 1994 to 2002. From 2002 to 2009, Mr. Schwieter was the President and Chief Executive Officer of Concise Logic, Inc., a software development company focused on semiconductor design tools. From July 1992 to March 1994, he served as President, Chief Executive Officer and a director of Centric Engineering Systems, Inc., which was engaged in the development of mechanical design and analysis software for computing systems ranging from workstations to mainframes and massively parallel networked computing environments. Mr. Schwieter was Vice President and General Manager of the Electronic Imaging Systems Division of the DuPont Company from 1986 to 1991. From 1971 to 1986, Mr. Schwieter was with the General Electric Company, where he served as Vice President of GE's Calma Company from 1985 to 1986 and was responsible for that subsidiary's worldwide business in the mechanical design and factory automation arena. He was President and Representative Director of GE Industrial Automation, Ltd., a joint venture between GE and C. Itoh & Company located in Tokyo, from 1982 to 1985. Mr. Schwieter has developed extensive skills in technology development and emerging markets over his 30-year business career. We have determined that Mr. Schwieter's additional experience in software development, plastics and mechanical design makes him well suited to serve as a director of Stratasys.

Gregory L. Wilson, age 63, has been a director of Stratasys since 1994. Mr. Wilson has been Chairman of the Board of SimTek Fence, a manufacturer of synthetic fences, since 2007. He was, with his wife Kathy R. Wilson, a co-founder of Mity Enterprises, Inc., a manufacturer of institutional furniture, and served as Chairman of the Board of that company from its inception in 1987 to July 17, 2007 when it was acquired by MITY Holdings, LLC, a subsidiary of Sorenson Capital Partners, L.P. and Peterson Partners L.P. From its inception until May 2002, he also served as President of Mity. From 1982 until 1987, Mr. Wilson was President of Church Furnishings, Inc., in Provo, Utah. Mr. Wilson served as a Financial Analyst at the Ford Motor Company and as General Manager of the Stereo Optical Company in Chicago, Illinois. Mr. Wilson also serves on the board of directors of Design Imaging, Inc., Salt Lake City, Utah, and The Central Utah Advisory Board for Wells Fargo Bank. We have determined that Mr. Wilson's experience as a CEO of a small cap public company together with his background as in engineering and manufacturing makes him well suited to serve as a director of Stratasys.

Board Independence

Our Board of Directors has determined that none of our directors, except S. Scott Crump, the Chairman of the Board, President and Chief Executive Officer, and Ralph E. Crump, S. Scott Crump's father, have a relationship with Stratasys, either as an officer or employee of Stratasys or its subsidiaries or any other relationship that, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Therefore, each non-management director, other than Ralph E. Crump, is independent within the meaning of SEC regulations and the Nasdaq Stock Market, Inc. ("Nasdaq") listing standards for director independence. The Board has three standing committees, the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. Only independent directors serve on the standing committees of the Board, and accordingly, all members of those committees are also independent.

Availability of Information and Communications with the Board

We have established a Corporate Governance section on our website, at www.stratasys.com, which is accessible by clicking “Investors” and then clicking “Corporate Governance.” The charters of our Nominating and Corporate Governance Committee, Compensation Committee and Audit Committee are posted there. Additional materials may be added in the future. In addition, our Board has adopted our Code of Business Conduct and Ethics, which applies to all of our directors, officers and employees. The Code of Business Conduct and Ethics is filed as Exhibit 14.1 to our 2008 Annual Report on Form 10-K and can be accessed at the SEC’s website www.sec.gov. This proxy statement and our 2010 Annual Report on Form 10-K are also available on our website, www.stratasys.com.

Stockholders may also obtain free printed copies of these materials by contacting Investor Relations as follows:

Stratasys, Inc.
7665 Commerce Way
Eden Prairie, Minnesota 55344
Attention: Shane Glenn – Director of Investor Relations
Email: shane.glenn@stratasys.com

You may address written communications to our non-management directors or, if requested, the full Board of Directors, by mail or courier to Stratasys, Inc., Attention: Secretary, 7665 Commerce Way, Eden Prairie, Minnesota 55344, or by email to Shane Glenn, shane.glenn@stratasys.com.

We have no specific policy requiring directors to attend the Annual Meeting of Stockholders. However, we anticipate that all of our directors other than Mr. Wilson will attend the 2011 Annual Meeting of Stockholders.

Meetings of the Board of Directors and Executive Sessions

Our Board of Directors held eight meetings in 2010, three of which were conducted by telephone conference call. Each director attended at least 75% of the aggregate number of Board meetings and Board committee meetings on which that director served during 2010. Independent directors meet separately without management or non-independent directors present before each scheduled meeting of the Board of Directors held in person.

Board Committees

Audit Committee. The Audit Committee is composed of three independent directors. The current members are Edward J. Fierko (Chairman), Clifford H. Schwieter, and John J. McEleney. Mr. Fierko and Mr. Schwieter served on the Committee throughout 2010. Mr. McEleney was appointed as a member in November 2010 to fill the vacancy resulting from the resignation of Gregory Wilson as a member of the Committee. Each member of the Audit Committee qualifies as “independent” for purposes of membership on the Audit Committee pursuant to Nasdaq listing requirements and SEC rules and is “financially literate” as required by Nasdaq listing requirements. In addition, our Board has determined that Mr. Fierko qualifies as an “audit committee financial expert” as defined by SEC rules and meets the qualifications of “financial sophistication” under the Nasdaq listing requirements as a result of his experience as an officer of a public company. Other members of the Audit Committee who have served as chief executive officers or chief financial officers of public companies or have similar experience or understanding with respect to certain accounting and auditing matters may also be considered audit committee financial experts. You should understand that these designations related to our Audit Committee members’ experience and understanding with respect to certain accounting and auditing matters do not impose upon any of them any duties, obligations or liabilities that are greater than those generally imposed on a member of the Audit Committee or of our Board.

The Audit Committee held four meetings in 2010. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of our independent auditors, who report directly to the Audit Committee. In addition, the Audit Committee is responsible for addressing complaints received by Stratasys regarding any accounting, internal accounting controls or auditing matters, as well as employees’ concerns regarding any questionable accounting or auditing matters. The duties of the Audit Committee also include reviewing and considering actions of management in matters relating to audit functions, reviewing reports from various regulatory authorities, reviewing our system of internal controls and procedures, and reviewing the effectiveness of procedures intended to prevent violations of laws and regulations. The Committee’s authority and responsibilities are set forth in its Charter, which is available on our website www.stratasys.com.

The report of the Audit Committee appears on page 23 of this proxy statement.

Compensation Committee. The Compensation Committee is composed of three independent directors. The current members are Clifford H. Schwieter (Chairman), Edward J. Fierko, and Gregory L. Wilson, all of whom served on the Committee throughout 2010. The Board of Directors has determined that under applicable SEC regulations, Nasdaq listing standards, and Internal Revenue Code rules, all of the members of the Compensation Committee are independent, non-employee, outside directors. A current copy of the Compensation Committee's Charter is available on our website at www.stratasys.com.

The Compensation Committee held six meetings in 2010, three of which were conducted by telephone conference call. The Compensation Committee recommends to the Board policies for executive compensation and approves the remuneration of all our officers, including our Chief Executive Officer ("CEO"). It also administers our stock option and incentive compensation plans and recommends the establishment of and monitors the compensation and incentive program for all Stratasys executives.

The Compensation Committee acts on elements of executive officer compensation at specified times during the year. Shortly before the end of each year, the Compensation Committee comprehensively reviews the total compensation of each executive officer and relevant peer group comparisons with the Compensation Committee's independent, external compensation consultant. Decisions on executive officer salaries for the following year are made at the same meeting.

In the first quarter of each year, the Compensation Committee determines the amount of the payments to be made to officers under the annual incentive compensation plan based on performance achieved during the preceding year. In the same quarter, the Compensation Committee sets the performance metrics for the current year's incentive compensation plan.

The Compensation Committee generally considers stock option grants for executive officers and other employees at or about the same time as it establishes the compensation plan for the year. This may occur during the last quarter of the year preceding the implementation of the compensation plan or the first quarter of the ensuing year. Depending on the status of the plan at the time and other factors, such as the amount of the charge against earnings resulting from a grant, the Compensation Committee may make grants at other times of the year or defer making grants in a particular year. The Compensation Committee generally delegates authority to the CEO to recommend grants of options to employees other than executive officers. However, our Board approves all such grants at the meeting at which stock options are granted to the executive officers.

The Compensation Committee did not retain a compensation consultant in connection with executive compensation for 2010. The Compensation Committee retained Keystone Compensation Group LLC, Minneapolis, Minnesota, as its compensation consultant in connection with executive compensation for 2011.

Our senior management works closely with the Compensation Committee to evaluate and recommend compensation for our other officers and employees. In addition, the CEO makes recommendations to the Compensation Committee regarding compensation for our Chief Operating Officer and Chief Financial Officer.

The report of the Compensation Committee appears on page 14 of this proxy statement.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is composed of three independent directors. The current members are Gregory L. Wilson (Chairman), Edward J. Fierko and Clifford H. Schweitzer, all of whom served on the Committee throughout 2010. The Board of Directors has determined that under applicable Nasdaq listing standards, all of the members of the Nominating and Corporate Governance Committee are independent. A current copy of the Nominating and Corporate Governance Committee's charter is available on our website at www.stratasys.com.

The Nominating and Corporate Governance Committee held two meetings in 2010. In connection with its nominating function, the Committee evaluates and recommends to the Board director nominees to fill vacancies that may occur on the Board of Directors and its standing committees. In connection with its corporate governance function, the Committee reviews and recommends to the Board corporate governance principles applicable to Stratasys, including the evaluation and recommendation of criteria for membership on the Board and the composition and structure of the Board and its committees.

Board Leadership and the Board's Role in Oversight of Risk Management

Board Leadership. Our Board does not have a specific policy on whether the positions of Chairman and Chief Executive Officer should be held by different individuals or the same individual, nor does it have a policy regarding the appointment of a lead independent director. The Board believes that it should have the flexibility to determine its leadership from time to time in a manner that will be in the best interests of our Company and its stockholders.

This determination will be based in part upon the individual who is serving as CEO and the composition of the Board at that time.

Presently, Scott Crump, our founder, is serving as both Chairman and CEO and has served in those capacities since the inception of our Company. Our Board believes that Mr. Crump's experience of more than 20 years in this dual capacity affords him a unique ability to direct the corporate agenda and to implement Company policies on a day-to-day basis. In light of the active involvement of our other Directors in setting the agenda for Board meetings, our Board has determined that it is not necessary to appoint a lead independent director. Our Chairman circulates preliminary meeting agendas in advance of all regular Board meetings and solicits input from our Directors on matters that should be included in the agenda for each meeting. As our four independent Directors meet separately in executive sessions during our regular Board meetings, we believe that this leadership structure provides independent oversight of management while facilitating the implementation of corporate policies established by the Board.

Oversight of Risk Management. Our Chief Executive Officer and senior management are principally responsible for risk identification, management and mitigation and have identified operational and financial risks as the primary risks that face our Company. At regularly scheduled Board meetings, our management generally provides the Directors with a review of each key operational component of our business as well as a review of our financial performance and condition. In these reviews, senior management identifies the significant operational and financial risks and their plans for mitigating such risks. Our Directors have the opportunity to evaluate such risks and mitigation plans, to ask questions of management regarding those risks and plans, and to offer their ideas and insights to management as to these and other perceived risks and the implementation of risk mitigation plans.

In addition to discussions at regular Board meetings, our Audit Committee meets separately with our internal audit staff and with representatives of our independent registered public accounting firm to determine whether they have identified any material financial risks or any deficiencies in our internal controls over financial reporting, and if so, their plans to rectify or mitigate these risks. Finally, our Directors discuss risks related to our long-term business strategy at the Board's annual strategic planning meeting and at other meetings as appropriate during the year. We believe that our Board leadership structure enables senior management to communicate identified risks to the Directors at several levels and affords a free flow of communication between the Board and management regarding risk identification and mitigation.

Consideration of Director Nominees

Although the Nominating and Corporate Governance Committee has not established minimum qualifications for director candidates, it will consider, among other factors:

- Judgment.
- Skill.
- Diversity.
- Experience with businesses and other organizations of comparable size.

- The interplay of the candidate's experience with the experience of other Board members.
- The extent to which the candidate would be a desirable addition to the Board and any committees of the Board.

In addition, the Committee considers specific qualities needed to fill vacancies, such as financial sophistication for potential members of the Audit Committee, and other characteristics desired to achieve a balance of knowledge, experience and capability on the Board.

The Nominating and Corporate Governance Committee will consider all director candidates recommended by stockholders, if they meet the criteria referred to above. Recommendations may be made in writing and sent to the Chairman of the Nominating and Corporate Governance Committee in care of Stratasys, Inc., 7665 Commerce Way, Eden Prairie, Minnesota 55344. Such recommendations must include the following information:

- the candidate's name and address
- the biographical data of the candidate
- the candidate's qualifications

Members of the Nominating and Corporate Governance Committee will assess potential candidates on a regular basis. Any stockholder recommendation of a candidate for election at the 2011 Annual Meeting must be received no later than November 25, 2011 in order for the Nominating and Corporate Governance Committee to consider it.

Diversity

Our Nominating and Corporate Governance Committee does not have a formal written policy regarding diversity in the composition of our Board of Directors. However, as indicated above, diversity is one of the factors that the Committee considers when evaluating possible nominees to the Board. In determining the diversity of the Board, we take into consideration factors such as employment experience, age, skills, and insights. We believe that the mix of these qualities will afford the Board a diversity of perspectives in its decision-making process.

Executive Officers

In addition to S. Scott Crump, our Chairman, President, Chief Executive Officer, and Treasurer, the following individuals serve as our executive officers:

Thomas W. Stenoien, age 60, was appointed as our Chief Operating Officer in March 2005. Mr. Stenoien served as our Chief Financial Officer from May 1997 to March 2005. Mr. Stenoien also served as our Executive Vice President from 2001 to March 2005 and as our Secretary from 1999 to May 2006. Mr. Stenoien joined Stratasys in February 1993 as Controller and has also served as Director of Finance.

Robert F. Gallagher, age 55, was appointed as our Chief Financial Officer in March 2005 and was appointed as our Secretary in May 2006. Before joining Stratasys, Mr. Gallagher was the Chief Financial Officer of Selas Corporation of America, a manufacturer of micro-miniature components for the electronics industry, which is now known as Intricon Corporation. From October 2000 until June 2002, he was Chief Financial Officer for Visionics Corporation, a provider of biometric technologies and information systems. From October 1989 until June 2000, Mr. Gallagher was employed by TSI Incorporated, a diversified precision instrument company, last holding the position of Chief Financial Officer. Since June 2005, Mr. Gallagher has served on the Board of MOCON, Inc. (Nasdaq: MOCO), a manufacturer of measurement and analytic devices, where he is also a member of the audit committee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number of shares of our common stock beneficially owned, directly or indirectly, by (i) each person known by us to be the owner of more than 5% of the outstanding shares of our common stock, (ii) each director, (iii) each executive officer named in the Summary Compensation Table (the "Named Executive Officers") and (iv) all of our directors and executive officers as a group, as of March 9, 2011, unless otherwise noted.

The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, and is not necessarily indicative of beneficial ownership for any other purpose. Shares of our common stock that a person has a right to acquire within 60 days are deemed outstanding for purposes of computing the percentage ownership of that person, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. We based our calculations of the percentage owned on 21,137,635 shares outstanding on March 9, 2011.

Except as otherwise indicated, each director and Named Executive Officer (1) has sole investment and voting power with respect to the securities indicated or (2) shares investment and/or voting power with that individual's spouse.

The address of each director and Named Executive Officer listed in the table below is c/o Stratasys, Inc., 7665 Commerce Way, Eden Prairie, Minnesota 55344

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|--|--|---------------------|
| Directors and Officers | | |
| S. Scott Crump | 324,960(1) | 1.54% |
| Thomas W. Stenoien | 8,400(2) | * |
| Robert F. Gallagher | 64,400(3) | * |
| Ralph E. Crump | 455,160(4) | 2.15% |
| Edward J. Fierko | 107,800(5) | * |
| John J. McEleney | 2,800(6) | * |
| Clifford H. Schwieter | 3,662(7) | * |
| Gregory L. Wilson | 98,500(8) | * |
| All directors and executive officers (8 persons) | 1,065,682(9) | 4.30% |
| Beneficial Owners of More Than 5% | | |
| Waddell & Reed Financial, Inc. | 2,820,775(10) | 13.70% |
| BlackRock, Inc. | 1,846,644(11) | 8.94% |
| PRIMECAP Management Company | 1,598,400(12) | 7.74% |
| The TCW Group, Inc. | 1,336,514(13) | 6.50% |

* Represents less than 1% of our outstanding common stock.

- (1) Includes 22,800 shares issuable upon the exercise of stock options that are presently exercisable or exercisable within 60 days after March 9, 2011. Does not include 35,200 shares issuable upon the exercise of stock options that are not presently exercisable and will not be exercisable within 60 days after March 9, 2011. Also includes 170,563 shares owned of record by Mr. Crump's wife. Mr. Crump disclaims beneficial ownership of the shares owned by his wife. In addition, Mr. Crump disclaims beneficial ownership of 246,180 shares owned of record and 22,800 shares issuable upon the exercise of stock options presently exercisable or exercisable within 60 days after March 9, 2011 held by Ralph E. Crump, Mr. Crump's father, and 186,180 shares owned of record by Mr. Crump's mother.
- (2) Represents 8,400 shares issuable upon the exercise of stock options that are presently exercisable or exercisable within 60 days after March 9, 2011. Does not include 33,600 shares issuable upon the exercise of stock options that are not presently exercisable and will not be exercisable within 60 days after March 9, 2011.

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- (3) Includes 54,400 shares issuable upon the exercise of stock options that are presently exercisable or exercisable within 60 days after March 9, 2011. Does not include 41,600 shares issuable upon the exercise of stock options that are not presently exercisable and will not be exercisable within 60 days after March 9, 2011.
- (4) Includes 22,800 shares issuable upon the exercise of stock options that are presently exercisable or exercisable within 60 days after March 9, 2011. Does not include 35,200 shares issuable upon the exercise of stock options that are not presently exercisable and will not be exercisable within 60 days after March 9, 2011. Also includes 186,180 shares owned of record by Mr. Crump's wife. Mr. Crump disclaims beneficial ownership of all shares owned by his wife. In addition, Mr. Crump disclaims beneficial ownership of 131,597 shares owned of record and 22,800 shares issuable upon the exercise of stock options presently exercisable or exercisable within 60 days after March 9, 2011 held by S. Scott Crump, and 170,563 shares owned of record by Mr. Crump's daughter-in-law.
- (5) Includes 22,800 shares issuable upon the exercise of stock options that are presently exercisable or exercisable within 60 days after March 9, 2011. Does not include 35,200 shares issuable upon the exercise of stock options that are not presently exercisable and will not be exercisable within 60 days after March 9, 2011.
- (6) Represents 2,800 shares issuable upon the exercise of stock options that are presently exercisable or exercisable within 60 days after March 9, 2011. Does not include 35,200 shares issuable upon the exercise of stock options that are not presently exercisable and will not be exercisable within 60 days after March 9, 2011.
- (7) Includes 2,800 shares issuable upon the exercise of stock options that are presently exercisable or exercisable within 60 days after March 9, 2011. Does not include 35,200 shares issuable upon the exercise of stock options that are not presently exercisable and will not be exercisable within 60 days after March 9, 2011.
- (8) Includes 14,400 shares issuable upon the exercise of stock options that are presently exercisable or exercisable within 60 days after March 9, 2011. Does not include 35,200 shares issuable upon the exercise of stock options that are not presently exercisable and will not be exercisable within 60 days after March 9, 2011.
- (9)