

3D SYSTEMS CORP  
Form DEF 14A  
March 31, 2009

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

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**3D SYSTEMS CORPORATION**  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) 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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.

- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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**3D SYSTEMS CORPORATION  
333 Three D Systems Circle  
Rock Hill, SC 29730**

March 31, 2009

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 19, 2009, at 10:00 a.m., Eastern Daylight Time, at our offices at 333 Three D Systems Circle, Rock Hill, South Carolina 29730. Your Board of Directors and senior management look forward to greeting you at the meeting.

At the meeting, you will be asked to approve three proposals, which include:

A proposal to elect nine directors, who constitute the whole Board of Directors, to serve until the next Annual Meeting.

A proposal to authorize an additional 1,000,000 shares of Common Stock for issuance under our 2004 Incentive Stock Plan.

And a proposal to ratify the selection of BDO Seidman, LLP as our independent registered public accounting firm for 2009.

These proposals are important, and we urge you to vote in favor of them. It is important that your shares are represented and voted at the Annual Meeting.

We have adopted the SEC's notice and access rule for the Annual Meeting. This rule permits us to deliver to you a Notice of Internet Availability of Proxy Materials and to provide online access to our Proxy Statement and Annual Report, replacing the requirement that we automatically send you a paper copy of our proxy materials and an annual report to stockholders. Consistent with the announced objectives of the notice and access rule, we believe that it will enable us to provide you with the information that you need to determine how to vote on the matters to be addressed at the Annual Meeting while lowering the costs of our Annual Meeting and contributing environmental benefits by reducing our use of paper and other resources to produce, print and mail our proxy materials and an annual report to stockholders.

We are also proud to offer you an opportunity to be environmentally responsible through choosing electronic delivery of all future stockholder materials that we send. We will plant a tree on your behalf if you sign up to receive all future stockholder materials online. It's fast and easy, and you can change your electronic delivery options at any time. Sign up at [www.eTree.com/3DSystems](http://www.eTree.com/3DSystems) or call (800) 962-4284.

On or about March 31, 2009, we began mailing a Notice of Internet Availability of Proxy Materials to all of our stockholders of record as of March 23, 2009, which is the record date for our Annual Meeting, and we have posted this Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2008 on the internet as described in that notice. You may also choose to have a paper copy of the Proxy Statement and Annual Report sent to you by following the instructions on the notice.

Votes may be cast on the internet via the website that hosts our Proxy Statement and Annual Report as described on the notice that you receive. If you have requested delivery of a printed version of the materials, you will receive a

proxy card on which you may vote your shares by signing, dating and mailing the printed proxy card in the postage-paid return envelope that you are provided. You may also follow the instructions for voting by telephone as set forth on your proxy card. Regardless of whether you plan to attend the Annual Meeting, we encourage you to vote your shares on the dedicated website or by proxy card in case your plans change. 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*

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
March 31, 2009**

The Annual Meeting of Stockholders of 3D Systems Corporation, a Delaware corporation (the Company), will be held on Tuesday, May 19, 2009, at 10:00 a.m., Eastern Daylight Time, at our offices at 333 Three D Systems Circle, Rock Hill, South Carolina 29730, for the following purposes:

To elect nine directors, constituting the whole Board of Directors, to serve until the next Annual Meeting;

To authorize the issuance of an additional 1,000,000 shares of Common Stock under our 2004 Incentive Stock Plan;

To ratify the appointment of BDO Seidman, LLP as our independent registered public accounting firm for 2009; 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 23, 2009 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting. We are mailing a Notice of Internet Availability of Proxy Materials commencing on or about March 31, 2009 to all stockholders of record as of the record date for the Annual Meeting. Copies of the attached Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2008 are available upon request by following the instructions in our Notice of Internet Availability of Proxy Materials.

We urge you to attend the Annual Meeting so that we can review the past year with you, listen to your suggestions, and answer any questions that you may have. 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 Notice of Internet Availability of Proxy Materials or in the attached Proxy Statement.

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

Rock Hill, South Carolina  
March 31, 2009

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**3D SYSTEMS CORPORATION  
333 Three D Systems Circle  
Rock Hill, South Carolina 29730**

**PROXY STATEMENT  
Dated March 31, 2009**

**For the Annual Meeting of Stockholders  
To Be Held on May 19, 2009**

**GENERAL INFORMATION**

Our 2009 Annual Meeting of Stockholders (the Annual Meeting ) is scheduled to be held at our offices at 333 Three D Systems Circle, Rock Hill, South Carolina 29730 at 10:00 a.m., Eastern Daylight Time, on May 19, 2009. We are furnishing this Proxy Statement to the holders of our Common Stock in connection with the solicitation of proxies by our Board of Directors for use at the Annual Meeting and any adjournments or postponements of the Annual Meeting.

This Proxy Statement and related materials are first being made available to stockholders on or about March 31, 2009.

**VOTING SECURITIES**

Our only outstanding class of voting securities is our Common Stock, par value \$0.001 per share (the Common Stock ). As of the close of business on March 23, 2009, the record date for the Annual Meeting, there were 22,412,537 shares of Common Stock issued and outstanding. Holders of record of shares of our Common Stock outstanding as of the record date are entitled to notice of and to vote at the Annual Meeting.

Each share of Common Stock is entitled to one vote on each matter to be voted on at the Annual Meeting.

**VOTING MATTERS**

Your vote is very important. Stockholders may vote by internet via a website that provides links to our Proxy Statement and Annual Report. Alternatively, if you asked to receive printed materials, you may vote:

by mail by using the proxy card or voting instruction card and postage-paid return envelope that you receive; or

by using the toll-free telephone number that is included on your proxy card or voting instruction card.

Your voting alternatives are more fully described in the Notice of Internet Availability of Proxy Materials that we mailed to you.



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### **Record Date**

The Board of Directors has fixed the close of business on March 23, 2009 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting. As required by Delaware law, a list of the stockholders of record as of the record date will be kept at our principal office at 333 Three D Systems Circle, Rock Hill, South Carolina 29730 for a period of ten days prior to the Annual Meeting.

### **Quorum**

A majority of the outstanding shares of Common Stock present in person or represented by proxy will constitute a quorum for the transaction of business at the Annual Meeting.

### **Vote Required**

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

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

*Stock Plan.* The approval of the amendment to the 2004 Incentive Stock Plan must be approved by the affirmative vote of the holders of a majority of the votes cast at the Annual Meeting.

*Ratification of Selection of Auditors.* This proposal must be approved by the affirmative vote of the holders of a majority of the votes cast at the Annual Meeting.

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

### **Voting Policies**

All stockholders will receive a Notice of Internet Availability of Proxy Materials. In the event that you request a set of printed proxy materials as directed on such notice, you will be sent proxy materials along with a proxy card or a voting instruction card, as applicable.

For stockholders of record, regardless of the method by which you vote, if you specify how 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 do not give specific voting instructions when you grant an otherwise valid proxy, your shares will be voted as follows:

FOR the election of the nine nominees for director described below;

FOR the amendment of the 2004 Incentive Stock Plan; and

FOR the ratification of the selection of our independent registered public accounting firm.

On any other matters that properly may come before the Annual Meeting, your proxy will be voted as recommended by the Board of Directors or, if no recommendation is made, in the discretion of the proxy holders named on the proxy card. For stockholders of shares held in street name, if you do not give specific instructions to your broker or other

nominee holder on your voting instruction card, such party will be entitled to vote your shares in its discretion on the election of the nominees to the Board of Directors and the ratification of the selection of our independent registered public accounting firm.

Many of you hold your shares in a brokerage account or bank or through another nominee holder. In that case, you are considered the beneficial owner of shares held in street name. As a beneficial owner, you have the right to instruct your broker or nominee how to vote your shares, and that party is required to vote your shares in accordance with your instructions.

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In limited circumstances, a nominee for a beneficial owner of shares held in street name is entitled to vote your shares in the absence of specific voting instructions from you on matters that are considered routine. We understand that the only proposals that are to be voted on at the Annual Meeting that are considered to be a routine proposal are the election of the nine nominees for director and the ratification of the selection of our independent registered accounting firm. Accordingly, if you do not give specific voting instructions to your broker or other nominee holder, that party will not be entitled to vote your shares for the amendment of our 2004 Incentive Stock Plan but will be entitled to vote your shares in its discretion on the election of directors and the ratification of the appointment of our independent registered public accounting firm.

## **Multiple Accounts**

If you 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, you may receive more than one Notice of Internet Availability of Proxy Materials, more than one proxy card or more than one voting instruction card. Each of these Notices, proxy cards or voting instruction cards will likely relate to shares that you own in different accounts, in different names or with different banks, brokerage firms or other nominees.

**We ask that you please follow the instructions on each Notice that you receive. We also ask that you please sign, date and return all proxy cards and voting instruction cards that you receive. This will ensure that all of your shares are represented and voted at the Annual Meeting.**

## **Householding; Delivery of Documents to Security Holders Sharing an Address**

We are making this Proxy Statement, our 2008 Annual Report on Form 10-K and the Notice of Internet Availability of Proxy Materials available to all stockholders of record as of the record date for the Annual Meeting.

Street-name stockholders residing in the same household may receive only one 2008 Annual Report on Form 10-K, Proxy Statement and Notice of Internet Availability of Proxy Materials if you have previously made a householding election furnished to you by your bank, broker or other nominee holder to deliver only one copy to you. This process, by which only one set of these materials is delivered to multiple security holders sharing an address is called householding. Householding may provide convenience for you and cost savings for us. Once initiated, householding may continue until one or more of the stockholders within the household provides instructions to the contrary to their nominee.

If you have requested printed materials, we will promptly deliver to street-name stockholders in a single household who participate in a householding program upon their request to receive separate copies in the future an additional copy of the 2008 Annual Report on Form 10-K, the Proxy Statement and the Notice of Internet Availability of Proxy Materials. Instructions to request additional copies of these documents should be provided on the voting instruction form that your bank, broker or other holder of record provides to you.

Street-name stockholders who are receiving multiple copies may request that only a single set of materials be sent to them in the future by following the householding instructions on the voting instruction form provided to you by your bank, broker or other nominee holder. Alternatively, street-name stockholders whose nominee holders utilize the services of Broadridge Financial Solutions, Inc. (as indicated on the voting instruction form that Broadridge sends to you) may send written instructions to Householding Department, 51 Mercedes Way, Edgewood, New York 11717 or call (800) 542-1061. The instructions must include the stockholder's name and account number and the name of the bank, broker or other nominee holder. Otherwise, street-name stockholders should contact their bank, broker or other nominee holder.

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Copies of this Proxy Statement, our 2008 Annual Report on Form 10-K and the Notice of Internet Availability of Proxy Materials are available upon request by calling (803) 326-4010 or by writing to Investor Relations, 3D Systems Corporation, 333 Three D Systems Circle, Rock Hill, South Carolina 29730.

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### **Voting by Internet**

For all stockholders, including stockholders of record and holders of shares in street name, you may vote by accessing a dedicated website on the internet that provides links to our Proxy Statement and Annual Report. The web address is provided on the Notice of Internet Availability of Proxy Materials that was mailed to you. Instructions on how to vote are provided upon accessing the website. Internet voting is available 24 hours a day, seven days a week, except that no internet votes will be accepted after 11:59 P.M., Eastern Daylight Time, on Monday, May 18, 2009, the day prior to the Annual Meeting.

### **Voting by Telephone**

Telephone voting is available for all stockholders of record, including stockholders of record and holders of shares in street name, who have requested printed materials.

You may vote by calling the toll-free number listed on the proxy card or voting instruction card. Telephone voting is available 24 hours a day, seven days a week, except that, as is the case with internet voting, no telephone votes will be accepted after 11:59 P.M., Eastern Daylight Time, on Monday, May 18, 2009, the day prior to the Annual Meeting.

Easy-to-follow voice prompts enable 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 or voting instruction card. Accordingly, please have your proxy card or voting instruction card available when you call. If you vote by telephone, you do not need to return your proxy card or voting instruction card.

### **Voting by Mail**

You may vote by mail if you requested printed versions of the Proxy Statement and Annual Report. In such case, simply mark, sign and date the proxy card or voting instruction card, and return it in the enclosed postage-paid envelope.

### **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 internet, 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.

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

Regardless of the method you use to vote, you may revoke your proxy at any time before your shares are voted at the Annual Meeting by:

voting by internet at a later time;

voting by telephone at a later time;

submitting a properly signed proxy with a later date; or

voting in person at the Annual Meeting if you are a stockholder of record (or hold a valid proxy from the nominee who holds your shares in their name.)

Please remember that, as described above, there will be no internet or telephone voting available after 11:59 P.M., Eastern Daylight Time, on Monday May 18, 2009, the day prior to the Annual Meeting.

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

With respect to any shares that are voted, abstentions, votes withheld in the election of directors and broker non-votes will be treated as shares that are present for the purpose of determining the presence of a quorum at the Annual Meeting. A broker non-vote occurs 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 authority to vote on that matter.

In the election of directors, the director nominees receiving a plurality of affirmative votes out of the shares of Common Stock present or represented and entitled to vote at the meeting will be elected as directors. The affirmative vote of a majority of the shares of Common Stock present or represented and entitled to vote is required to approve the amendment to the 2004 Incentive Stock Plan and to ratify the selection BDO Seidman, LLP as our independent registered public accounting firm for 2009.

Abstentions and broker non-votes will have no effect on the election of directors.

With respect to the proposal to amend the 2004 Incentive Stock Plan, any abstentions or broker non-votes will have the effect of a vote against such proposal.

With respect to the ratification of our selection of BDO Seidman, LLP as our independent registered public accounting firm for 2009, any abstentions will have the effect of a vote against the proposal and any broker non-votes will have no effect on the proposal.

### **Stockholder Proposals for the 2010 Annual Meeting**

Under Rule 14a-8 of the Securities Exchange Act of 1934, as amended, certain stockholder proposals may be eligible for inclusion in our Proxy Statement and form of proxy. The date by which we must receive stockholder proposals to be considered for inclusion in the Proxy Statement and form of proxy for the 2010 Annual Meeting of Stockholders is December 1, 2009 (or if the date of the 2010 Annual Meeting is changed by more than 30 days from May 19, 2010, a reasonable time before we begin to print and mail the proxy materials for the 2010 Annual Meeting).

Our By-Laws set forth certain procedures that stockholders must follow in order to properly nominate a person for election to the Board of Directors or to present any other business at an annual meeting of stockholders, other than proposals included in our Proxy Statement pursuant to Rule 14a-8. In addition to any other applicable requirements, to properly nominate a person for election to the Board of Directors or for a stockholder to properly bring other business before the 2010 Annual Meeting, a stockholder of record must give timely notice thereof in proper written form to our Corporate Secretary. To be timely, a stockholder's notice to the Corporate Secretary must be received at our principal office between January 15, 2010 and February 14, 2010, provided that, if the 2010 Annual Meeting is called for a date that is not within 30 days before or after May 19, 2010, then the notice by the stockholder must be so received a reasonable time before we make available our Proxy Statement for the 2010 Annual Meeting. The notice also must contain specific information regarding the nomination or the other business proposed to be brought before the meeting, as set forth in our By-Laws. The By-Law provisions relating to advance notice of business to be transacted at annual meetings are contained in Section 2.13 of our By-Laws, which are available on our website and can be viewed by going to [www.3DSystems.com](http://www.3DSystems.com) and clicking on the Investors tab, then the Corporate Governance tab and then selecting the document titled Amended and Restated By-Laws from the list of documents on the web page.

### **Stockholder Nominees to the Board**

Our Corporate Governance and Nominating Committee will consider director nominees recommended by stockholders in accordance with a policy adopted by the Board. Recommendations should be submitted to our

Corporate Secretary in writing at our offices in Rock Hill, South Carolina, along with additional required information about the nominee and the stockholder making the recommendation. A copy of our stockholder nomination policy is posted on our website, which can be viewed by going to [www.3DSystems.com](http://www.3DSystems.com) and



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clicking on the Investors tab, then the Corporate Governance tab and then selecting the document titled Policy and Procedure for Shareholders Nominees to the Board from the list of documents on the web page.

The Corporate Governance and Nominating Committee and the Board have also approved qualifications for nomination to the Board. In determining whether to recommend particular individuals to the Board, the Committee will consider, among other factors, a director's ethical character, a director's experience and diversity of background as well as whether a director is independent under applicable listing standards and financially literate. A complete copy of our Qualifications for Nominations for the Board is posted on our website at [www.3DSystems.com](http://www.3DSystems.com) under the Investors tab and then the Corporate Governance tab. 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.

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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 the date of this Proxy Statement with respect to the other persons listed in the table, the number of outstanding shares of Common Stock and the percentage beneficially owned:

by each person known to us to be the beneficial owner of more than five percent of our Common Stock;

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

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

Except as otherwise indicated in the footnotes to the table, and subject to any 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, 333 Three D Systems Circle, Rock Hill, South Carolina 29730, unless otherwise noted.

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned(1)	
	Number of Shares	Percentage Ownership
St. Denis J. Villere & Company, L.L.C. 210 Baronne Street, Suite 808 New Orleans, Louisiana 70112	3,637,496(2)	16.2%
T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, Maryland 21202	3,327,600(3)	14.8%
The Clark Estates, Inc. One Rockefeller Plaza New York, New York 10020	2,223,157(4)	9.9%
William E. Curran	4,970(5)	*
Miriam V. Gold	67,800(6)	*
Charles W. Hull	441,505(7)	2.0%
Jim D. Kever	164,782(8)	*
G. Walter Loewenbaum, II	1,553,415(9)	6.9%
Kevin S. Moore	2,279,807(10)	10.2%
Abraham N. Reichental	682,616(11)	3.0%
Daniel S. Van Riper	14,323(12)	*
Robert M. Grace, Jr.	95,112(13)	*
Damon J. Gregoire	33,000(14)	*
Kevin P. McAlea	160,728(15)	*
Karen E. Welke	4,000(16)	*
All directors and officers as a group (12 persons)	5,502,058(17)	23.7%

\* Less than one percent

- (1) Percentage ownership is based on 22,412,537 shares of Common Stock outstanding and entitled to vote as of the record date for the Annual Meeting. Common Stock numbers include, with respect to the stockholder in question, Common Stock issuable upon exercise of vested options.
- (2) St. Denis J. Villere & Company is a Louisiana limited liability company and an investment advisor registered under the Investment Advisors Act of 1940. As of December 31, 2008, Villere was deemed to have or to share voting or dispositive power over and therefore to own beneficially 3,637,496 shares of

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Common Stock. Of that amount, Villere had sole voting and dispositive power over 435,097 shares of Common Stock and shared voting and dispositive power over 3,202,399 shares of Common Stock. Information regarding the beneficial ownership of our securities by Villere is taken from the most recent Amendment to the Schedule 13G filed by Villere dated January 14, 2009.

- (3) These securities are owned by various individual and institutional investors, including T. Rowe Price Small-Cap Value Fund, Inc. (which owns 1,960,000 shares of Common Stock directly, representing in the aggregate 8.7% of the shares of the Common Stock outstanding), for which T. Rowe Price Associates, Inc. serves as investment advisor with sole power to vote or direct the voting of 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. Information regarding the beneficial ownership of our securities by T. Rowe Price is taken exclusively from Amendment No. 7 to the Schedule 13G filed by T. Rowe Price dated February 13, 2009.
- (4) The Clark Estates, Inc. is a private investment firm. Kevin S. Moore, one of our directors, 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. 7 to the Schedule 13D filed by that firm on February 14, 2008.
- (5) All shares beneficially owned by Mr. Curran were issued under the Directors Stock Plan and are subject to restrictions on transfer. For a discussion of the Restricted Stock Plan for Non-Employee Directors (the Directors Stock Plan ), see *Director Compensation Directors Stock Plan* below.
- (6) Consists of (a) 22,800 shares of Common Stock that Ms. Gold holds directly and (b) 45,000 shares of Common Stock covered by outstanding options that are currently exercisable. The shares of Common Stock held directly by Ms. Gold include 15,000 shares of Common Stock issued under the Directors Stock Plan, which are subject to restrictions on transfer. For a discussion of stock options held by non-management directors, all of which are currently exercisable, see *Director Compensation 1996 Non-Employee Directors Stock Option Plan* below. Please also see *Director Option Exercises in 2007* below.
- (7) Consists of (a) 5,500 shares of Common Stock that Mr. Hull holds directly, (b) 10,000 shares of Common Stock covered by outstanding options that are currently exercisable, and (c) 426,005 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. The shares of Common Stock held directly by Mr. Hull include 5,000 shares of Common Stock granted to him under the 2004 Incentive Stock Plan, which are subject to forfeiture in certain circumstances.
- (8) Consists of (a) 86,891 shares of Common Stock that Mr. Keever holds directly, (b) 45,000 shares of Common Stock covered by outstanding options that are currently exercisable and (c) 32,891 shares of Common Stock held by an irrevocable trust for the benefit of Mr. Keever's minor children. Mr. Keever disclaims beneficial ownership of the shares and other securities held by that trust except to the extent of his pecuniary interest in them. The shares of Common Stock held directly by Mr. Keever include 15,000 shares of Common Stock issued under the Directors Stock Plan, which are subject to restrictions on transfer. See *Director Option Exercises in 2007* below.
- (9) Consists of (a) 775,543 shares of Common Stock that Mr. Loewenbaum holds directly, (b) 100,018 shares held in the name of Lillian Shaw Loewenbaum, Mr. Loewenbaum's spouse, (c) 11,093 shares held in the name of The Lillian Shaw Loewenbaum Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (d) 102,147 shares held

in the name of The Loewenbaum 1992 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (e) 201,900 shares held in the name of G. Walter Loewenbaum CGM Profit Sharing Custodian, G. Walter Loewenbaum Trustee, Mr. Loewenbaum's pension plan, (f) 33,509 shares held in the name of the Anna Willis Loewenbaum 1993 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (g) 49,579 shares held in the name of the Elizabeth Scott Loewenbaum 1993 Trust for which Mr. and Mrs. Loewenbaum serve as trustees,

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- (h) 20,771 shares held in the name of Wally's Trust u/w/o Joel Simon Loewenbaum for which Mr. Loewenbaum serves as trustee, (i) 23,855 shares held in the name of Waterproof Partnership, L.P. of which Mr. Loewenbaum and his wife are the general partners, (j) 150,000 shares held in the name of The GWL 2008 Annuity Trust for which G. Walter Loewenbaum serves as trustee and (j) 85,000 shares of Common Stock covered by outstanding options that are currently exercisable. Mr. Loewenbaum disclaims beneficial ownership except to the extent of his pecuniary interest therein of any securities not directly held by him. The shares of Common Stock held directly by Mr. Loewenbaum include 15,000 shares of Common Stock issued under the Directors Stock Plan, which are subject to restrictions on transfer. See *1996 Non-Employee Directors Stock Option Plan* below.
- (10) Consists of (a) 19,150 shares of Common Stock that Mr. Moore holds directly, (b) 37,500 shares issuable upon exercise of currently exercisable outstanding options and (c) 2,223,157 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. The shares of Common Stock held directly by Mr. Moore include 15,000 shares of Common Stock issued under the Directors Stock Plan, which are subject to restrictions on transfer.
- (11) Consists of (a) 282,616 shares of Common Stock that Mr. Reichental owns directly and (b) 400,000 shares covered by currently exercisable outstanding options. The shares of Common Stock held directly by Mr. Reichental include (i) 50,000 shares of Common Stock granted to him under the 2004 Incentive Stock Plan, which are subject to forfeiture in certain circumstances and (ii) 100,000 shares that are pledged pursuant to a customary margin account arrangement. For information relating to the 2004 Incentive Stock Plan, see *Executive Compensation Compensation Discussion and Analysis Long-Term Equity Compensation* below.
- (12) All shares beneficially owned by Mr. Van Riper were issued under the Directors Stock Plan and are subject to restrictions on transfer.
- (13) Consists of (a) 55,112 shares of Common Stock that Mr. Grace holds directly and (b) 40,000 shares covered by currently exercisable outstanding options. The shares of Common Stock held directly by Mr. Grace include 17,600 shares of Common Stock granted to him under the 2004 Incentive Stock Plan, which are subject to forfeiture in certain circumstances.
- (14) The shares of Common Stock held directly by Mr. Gregoire include 30,000 shares of Common Stock granted to him under the 2004 Incentive Stock Plan, which are subject to forfeiture in certain circumstances.
- (15) Consists of (a) 30,728 shares of Common Stock that Mr. McAlea owns directly, and (b) 130,000 shares covered by currently exercisable outstanding options. The shares of Common Stock held directly by Mr. McAlea include 15,000 shares of Common Stock granted to him under the 2004 Incentive Stock Plan, which are subject to forfeiture in certain circumstances.
- (16) All shares beneficially owned by Ms. Welke were issued under the Directors Stock Plan and are subject to restrictions on transfer.
- (17) Consists of an aggregate of (a) 4,709,558 shares of outstanding Common Stock beneficially owned, directly or indirectly, by all 12 directors, executive officers and operating officers as a group and (b) 792,500 shares covered by currently exercisable outstanding options. A total of 100,000 of the shares of Common Stock owned directly by such persons are pledged pursuant to customary margin account arrangements. The amounts of these securities beneficially owned by directors and officers named in the Summary Compensation Table below are referred to in the notes above.



**Table of Contents****PROPOSAL ONE****ELECTION OF DIRECTORS**

At the Annual Meeting, the stockholders will elect the whole Board of Directors to serve until the 2010 Annual Meeting and until their successors are elected and qualified. The Board of Directors, based upon the recommendation of the Corporate Governance and Nominating Committee, has designated as nominees for election the nine persons named below, all of whom currently serve as our directors.

Shares of Common Stock properly voted at the Annual Meeting by any of the means discussed above will be voted FOR the election of the nominees named below unless you otherwise specify in your voting instructions or your proxy. If any nominee becomes unavailable for any reason or if a vacancy should occur before the election (which events are not anticipated), the holders of such proxies may vote shares represented by a duly executed proxy in favor of such other person as they may determine.

**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 during the past five years, the year in which he or she first became a director and his or her age as of the record date for the Annual Meeting.

Name	Business Experience	Director Since	Age
William E. Curran	Mr. Curran is non-executive Chairman and Director of Resonant Medical, an early-stage privately owned company specializing in three-dimensional ultrasound image-guided adaptive radio therapy products. He is also a director of Ventracor, a global medical device company which produces an implantable blood pump. For more than five years prior to 2004, he held diverse functional and senior management positions with Philips Electronics and Philips Medical Systems. His experience at Philips Medical Systems, a medical device manufacturer, included positions as Chief Operating Officer and Chief Financial Officer, and while at Philips Electronics North America he served as President and Chief Executive Officer as well as Chief Financial Officer.	2008	60
Miriam V. Gold	Ms. Gold has been in the private practice of law since February 1, 2007. Prior to that, she served as	1994	59



Deputy General Counsel of Ciba Specialty Chemicals Corporation, a specialty chemicals company, and as Assistant General Counsel of that company and its predecessors, Novartis Inc. and Ciba-Geigy Corporation, for more than five years.

Charles W. Hull

Executive Vice President and Chief Technology Officer of the Company. He has served as a director and in various executive positions with us for more than five years.

1993

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<b>Name</b>	<b>Business Experience</b>	<b>Director Since</b>	<b>Age</b>
Jim D. Kever	Mr. Kever has been a Principal in Voyent Partners, LLC, a venture capital firm, for more than five years. He is also a director of Luminex Corporation, a manufacturer of laboratory testing equipment, and Tyson Foods, Inc., an integrated processor of food products.	1996	56
G. Walter Loewenbaum, II	Chairman of the Board of Directors. Mr. Loewenbaum is the Chairman of Finetooth Enterprises, Inc. d/b/a Mumboe (formerly STI Healthcare, Inc.), a software developer that develops and hosts contract management applications. Until 2004, he was a director, and for a time Managing Director, of LeCorgne Loewenbaum LLC, an investment banking firm.	1999	64
Kevin S. Moore	Mr. Moore has been with The Clark Estates, Inc., a private investment firm, for more than five years, where he is currently President and a director. He is also a director of Aspect Resources LLC, The Clark Foundation and the National Baseball Hall of Fame & Museum, Inc.	1999	54