

**IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF SOUTH CAROLINA
ROCK HILL DIVISION**

JAMES PRUITT, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

3D SYSTEMS CORPORATION,
ABRAHAM N. REICHENTAL, and
DAMON J. GREGOIRE,

Defendants.

Case No. 0:15-cv-03138-MGL

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff James Pruitt (“Plaintiff”), by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by 3D SYSTEMS CORPORATION (“3D Systems” or the “Company”), with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by 3D Systems; and (c) review of other publicly available information concerning 3D Systems.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of purchasers of 3D Systems securities between October 29, 2013 and October 22, 2014, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. 3D Systems provides 3D digital design and fabrication solutions, including 3D printers, print materials and cloud-sourced custom parts. The Company's material selection includes plastics, metals, ceramics and edibles.

3. On July 31, 2014, the Company announced earnings results for the second quarter of 2014 that were below analysts' revenues and earnings expectations. According the Company, 3D Systems experienced delays of new products while manufacturing expansion costs for the introduction of new products hurt gross margin.

4. On this news, shares of 3D Systems declined \$5.94 per share, over 10%, to close on July 31, 2014, at \$50.13 per share, on unusually heavy volume.

5. On October 22, 2014, the Company announced preliminary earnings results for the third quarter of 2014 that were below analyst expectations and lowered full year guidance. According the Company, 3D Systems experienced manufacturing capacity constraints for its direct metals printers which delayed availability of its newest consumer products.

6. On this news, shares of 3D Systems declined \$6.71 per share, over 15%, to close on October 22, 2014, at \$36.67 per share, on unusually heavy volume.

7. Throughout the Class Period, Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose: (1) that the Company overstated the ability of various acquisitions to increase the Company's sales and manufacturing capacity; (2) that the Company was unable to increase manufacturing capacity of its metal printers to meet demand; (3) that, as a result, the Company's revenues for 2014 would be below expectations; and (4) that, as a result of the

foregoing, Defendants' statements about 3D Systems's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

8. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

9. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

10. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act (15 U.S.C. §78aa).

11. Venue is proper in this Judicial District pursuant to 28 U.S.C. §1391(b) and Section 27 of the Exchange Act (15 U.S.C. §78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the preparation and dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. Additionally, 3D Systems's principal executive offices are located within this Judicial District.

12. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

13. Plaintiff James Pruitt, as set forth in the accompanying certification attached hereto as Exhibit 1 and incorporated by reference herein, purchased 3D Systems securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

14. Defendant 3D Systems is a Delaware corporation with its principal executive offices located at 333 Three D Systems Circle, Rock Hill, South Carolina, 29730.

15. Defendant Abraham N. Reichental (“Reichental”) was, at all relevant times, Chief Executive Officer (“CEO”) and a director of 3D Systems.

16. Defendant Damon J. Gregoire (“Gregoire”) was, at all relevant times, Chief Financial Officer (“CFO”) of 3D Systems.

17. Defendants Reichental and Gregoire are collectively referred to hereinafter as the “Individual Defendants.” The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of 3D Systems’s reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. Each defendant was provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, each of these defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual

Defendants are liable for the false statements pleaded herein, as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

SUBSTANTIVE ALLEGATIONS

Background

18. 3D Systems provides 3D digital design and fabrication solutions, including 3D printers, print materials and cloud-sourced custom parts. The Company’s material selection includes plastics, metals, ceramics and edibles.

Materially False and Misleading Statements Issued During the Class Period

19. The Class Period begins on October 29, 2013. On this day, 3D Systems issued a press release entitled, “3D Systems Reports Q3 2013 Results.” Therein, the Company, in relevant part, stated:

- Unprecedented Advanced Manufacturing and Consumer Demand
- Revised Full-Year Guidance to Accelerate Growth Rate and Investments

3D Systems Corporation (NYSE: DDD) announced today that its third quarter revenue grew 50% from the prior year to a record \$135.7 million on a 76% increase in printers’ and other products revenue and 30% overall organic growth, resulting in GAAP earnings of \$0.17 per share and non-GAAP earnings of \$0.26 per share.

Gross profit increased 52% and gross profit margin expanded 80 basis points to 52.6%, contributing to GAAP net income of \$17.7 million, and non-GAAP net income of \$26.2 million, representing a 44% improvement over the 2012 quarter.

For the nine months 2013, revenue grew 42% to \$358.6 million, on an 81% increase in printers and other products revenue and 27% organic growth, resulting in GAAP earnings of \$0.34 per share and non-GAAP earnings of \$0.66 per share. Gross profit increased 46% and gross profit margin expanded 120 basis points to 52.3%.

“We are very pleased to report another record revenue quarter on unprecedented printer units demand that more than tripled last year’s unit sales,” said Avi Reichental, 3D Systems’ President and Chief Executive Officer. “Stronger

materials sales, increased advanced manufacturing activities and meaningful consumer products revenue contribution fueled our growth.”

Third Quarter 2013 Revenue Highlights (compared to 2012 quarter):

- 3D printers and other products revenue increased 76% to \$59.8 million.
- Print materials revenue grew 30% to \$33.2 million.
- Services revenue rose 38% to \$42.7 million.
- Healthcare revenue grew 39% and contributed \$16.9 million to our total revenue.
- Consumer solutions contributed \$13.5 million to our total revenue.

The company continued to increase its R&D and marketing expenditures, making investments in support of its near term opportunities and expanding product portfolio. For the third quarter in a row, the company expanded its manufacturing capacity to accommodate increasing demand for its products and services.

“We are accelerating developments of key products, channels and technologies to capture a broader share of upstream production applications and downstream consumer opportunities,” continued Reichental.”

To accelerate its growth rate, the company decided to further increase its R&D, marketing and retail field operations spending in connection with specific, near-term, new product introductions and retail channel expansion. Significant marketplace interest in its recently acquired, proprietary, Phenix direct metals 3D printers also compelled the company to accelerate new products development and capacity investments. As a result, the company updated its annual guidance for the full year 2013, increasing its revenue guidance to be in the range of \$500 million to \$530 million and, consistent with the step up in discretionary spending, reducing its non-GAAP earnings per share guidance to be in the range of \$0.93 to \$1.03.

“For the next few periods we are going for accelerated market-share expansion ahead of earnings per share. We believe that our portfolio’s diversity, ranging from direct metal printers at the high end to desktop consumer printers at the low end, is best positioned to capture this unprecedented market opportunity, and expect that our decisive actions will extend our first mover advantage in key verticals. With the fundamentals of our business model remaining intact, we fully expect that the higher investments we are making currently will favorably influence our results in the coming periods,” concluded Reichental.

20. On October 29, 2013, 3D Systems filed its Quarterly Report with the SEC on Form 10-Q for the 2013 fiscal third quarter. The Company’s Form 10-Q was signed by Defendant Gregoire, and reaffirmed the Company’s statements previously announced that day.

21. On February 28, 2014, 3D Systems issued a press release entitled, “3D Systems Reports Q4 and Full Year 2013 Results.” Therein, the Company, in relevant part, stated:

- Record Quarterly and Annual Revenue on Increased Organic Growth
- Expects 2014 Revenue of \$680 million to \$720 million on 30% organic growth

3D Systems Corporation (NYSE: DDD) announced today that its fourth quarter revenue grew 52% from the prior year to a record \$154.8 million on 34% overall organic growth, resulting in GAAP earnings of \$0.11 per share and non-GAAP earnings of \$0.19 per share for the fourth quarter.

For the fourth quarter 2013, gross profit increased 53% and gross profit margin remained flat at 51.7% compared to the 2012 fourth quarter, and contributed to GAAP net income of \$11.2 million, and non-GAAP net income of \$19.7 million.

For the full year 2013, revenue increased 45% to a record \$513.4 million on 80% printers and other products growth and 29% organic growth, resulting in GAAP earnings of \$0.45 per share and non-GAAP earnings of \$0.85 per share for the year. Gross profit increased 48% and gross profit margin expanded 90 basis points to 52.1%.

“We are pleased to report another record revenue quarter on robust professional and advanced manufacturing printers’ demand, increased materials’ growth rate and total unit sales that more than tripled last year’s units,” said Avi Reichental, 3D Systems’ President and Chief Executive Officer.

Fourth Quarter 2013 Revenue Highlights (compared to 2012 quarter):

- 3D printers and other products revenue increased 76% to \$73.9 million.
- Print materials revenue grew 39% to \$37.2 million.
- Services revenue rose 33% to \$43.7 million.
- Healthcare revenue increased 67% to \$21.8 million.
- Consumer solutions expanded 162% to \$8.9 million.

Full Year 2013 Revenue Highlights (compared to 2012):

- 3D printers and other products revenue increased 80% to \$227.6 million.
- Print materials revenue grew 24% to \$128.4 million.

- Services revenue rose 27% to \$157.4 million.
- Healthcare revenue increased 45% to \$71.7 million.
- Consumer solutions expanded 206% to \$34.8 million.

“Compared to our late quarter expectations, we are disappointed that our stronger order book didn’t convert to higher revenue, but instead, resulted in a near doubling of last quarter’s backlog. Despite our higher growth, certain revenue categories fell short of our expectations and the concentration of new product announcements deferred sales and suppressed expected gross profit margin for the quarter,” continued Reichental.

Consistent with its prior comments, the company more than doubled its fourth quarter R&D spending from \$7.8 million the prior year to \$16.6 million for the December quarter and continued to rapidly increase its sales, marketing, infrastructure and talent expenditures in support of its growth initiatives and recently announced joint developments and alliances. The impact of these expenditures was partially reflected in the unveiling of 24 new products between December 1 2013 and January 9 2014. The company also continued to expand its manufacturing capacity to accommodate increasing demand.

“Maintaining our historical performance doesn’t require this level of increased expenditures, but planning to double our revenue over the next couple of years does,” said Reichental. Although, in October, we guided for reduced earnings to reflect these actions, our late-quarter expenditures ramp surpassed our expectations.”

Management continues to focus on accelerating the company’s growth and expanding its market share. Consequently, management is prioritizing initiatives and investments that are central to its plans to double its revenue, over the next couple of years, ahead of short-term earnings, in order to deliver the full potential of its business model. Accordingly, management expects 2014 revenue to be in range of \$680 million to \$720 million and expects GAAP earnings per share in the range of \$0.44 to \$0.56 and non-GAAP earnings per share to be in the range of \$0.73 to \$0.85.

“We believe that 3D Printing is at the cusp of accelerated growth and that the ultimate measure of our success will be the sustainable value we create from our share and scale gains over time. While our stepped up actions and investments pressured our quarterly earnings, we believe that our actions set the stage to substantially compress the time it will take us to extend and solidify our leadership position and deliver greater value,” concluded Reichental.

22. On February 28, 2014, 3D Systems filed its Annual Report with the SEC on Form 10-K for the 2013 fiscal year. The Company's Form 10-K was signed by Defendants Reichental and Gregoire, and reaffirmed the Company's statements previously announced that day.

23. On April 29, 2014, 3D Systems issued a press release entitled, "3D Systems Reports First Quarter 2014 Financial Results." Therein, the Company, in relevant part, stated:

- Increased demand across the board for products and services was led by a 76% unit sales growth of design and manufacturing 3D printers
- Higher placement of advanced 3D printers accelerated the growth rate of materials to 41%, delivering a record \$40 million of revenue

3D Systems Corporation (NYSE:DDD) announced today that its first quarter revenue grew 45% from the prior year to \$147.8 million on 28% overall organic growth, resulting in GAAP earnings of \$0.05 per share and non-GAAP earnings of \$0.15 per share for the first quarter.

"Our first quarter results reflect expanding demand across all of our revenue categories, led by strong 76% unit sales growth of design and manufacturing printers, and the ongoing placement of manufacturing printers that continued to increase the growth rate of materials," said Avi Reichental, 3DS' President and Chief Executive Officer.

First Quarter 2014 Revenue Highlights (compared to first quarter 2013):

- 3D printers and other products revenue increased 53% to \$60.8 million.
- Print materials revenue grew 41% to \$40.4 million.
- Services revenue rose 38% to \$46.6 million.
- Healthcare revenue increased 53% to \$21.7 million.
- Consumer revenue expanded 150% to \$9.7 million.

The company exited the quarter with \$28.8 million of backlog. The March 2014 backlog included \$17.9 million of printer orders, in part reflecting increased demand for the company's Direct Metal 3D printers, which continues to outstrip manufacturing capacity.

Gross profit increased 41% and gross profit margin compressed 130 basis points to 51.1% compared to the first quarter of 2013 as printers growth continued to outpace other revenue categories, which contributed to GAAP net income of \$4.9 million, and non-GAAP net income of \$15.1 million.

“Consistent with our expectations, expanding placement and utilization of our advanced design and manufacturing 3D printers has accelerated our materials’ revenue growth-rate, and we are pleased that our 3D printers growth continues to surpass all other product categories, despite the fact that the resulting mix delayed anticipated expansion of our gross profit margin,” continued Reichental.

During the first quarter, the company continued to increase R&D investments and expand sales and marketing activities in support of accelerated growth, new product development and marketplace expansion, while also increasing its manufacturing capacity to accommodate rising demand.

At the same time, the company executed on acquisitions and strategic partnerships to broaden and enhance its 3D printing ecosystem, extending the 3D printing digital thread across its entire portfolio from consumer to healthcare to industrial manufacturing.

Recent Business Highlights

- In April, acquired Medical Modeling, a leading provider of FDA cleared, personalized surgical treatment planning and patient specific medical devices, to create the most comprehensive 3D printing medical devices capabilities
- Signed a definitive agreement to acquire Robtec to create a strategic Latin American sales and service platform, multiplex the company’s reach and establish local presence
- Began R&D operations at acquired Wilsonville location, with a fully assembled team of 100 engineers, chemists and materials scientists using state of the art labs to support the accelerated development of next-generation products
- Advanced progress on continuous, fab-grade 3D printer platform and materials in support of Google’s Project Ara phone commercialization and other advanced manufacturing opportunities
- Now powering the in-store 3D printing experience launched by Staples in New York and Los Angeles in April

Management continues to focus on accelerating the company’s growth and expanding its market share, prioritizing initiatives and investments that are central to its plans to double revenue over the next couple of years. Management reiterates its 2014 guidance, expecting revenue to be in range of \$680 million to \$720 million and its GAAP earnings per share to be in the range of \$0.44 to \$0.56 and non-GAAP earnings per share to be in the range of \$0.73 to \$0.85. Additionally, management expects a greater portion of revenue and earnings to be generated during the second half of 2014, as the full impact of its new products and services materializes.

“We believe that 3D Printing is on the cusp of accelerated design and manufacturing adoption, and the ultimate measure of our success will be the value we create from our market share and scale gains over time. While our stepped up strategy and investments continue to pressure our quarterly earnings, we believe that our actions set the stage to substantially compress the time required to deliver greater value. Accordingly, we expect operating leverage to resume in the second half of 2015 and be fully restored the following year,” concluded Reichental.

24. On April 29, 2014, 3D Systems filed its Quarterly Report with the SEC on Form 10-Q for the 2014 fiscal first quarter. The Company’s Form 10-Q was signed by Defendant Gregoire, and reaffirmed the Company’s statements previously announced that day.

25. On July 31, 2014, 3D Systems issued a press release entitled, “3D Systems Reports Second Quarter and Six Months 2014 Financial Results.” Therein, the Company, in relevant part, stated:

- Expanding installed base and increased utilization fueled materials revenue growth of 30%

- Higher demand for design and manufacturing printers drove a 126% unit sales increase for the category

- Increased revenue guidance on strong business fundamentals and recent announcements

- Improving enterprise-wide synergies delivered \$19 million of cash from operations

3D Systems Corporation (NYSE:DDD) announced today that its second quarter revenue grew \$30.7 million, or 25%, from the prior year to \$151.5 million on strong demand for its design and manufacturing printers, materials and services, resulting in second quarter GAAP earnings of \$0.02 per share and non-GAAP earnings of \$0.16 per share.

Organic growth amounted to 10% as additional orders-in-hand, including \$23.1 million of printer orders, a 29% sequential increase over the March backlog for printers, expanded the company’s second quarter total backlog to a record \$31.9 million.

“We are pleased that unit sales of our design and manufacturing printers increased 126% and helped fuel a 30% increase in materials revenue. We believe that the record order book that we exited the quarter with reflects the vibrancy of our

business and our organic growth trajectory,” said Avi Reichental, 3DS’ President and Chief Executive Officer.

Second Quarter 2014 Revenue Highlights (compared to second quarter 2013):

- Design and manufacturing revenue increased 28% to \$144.2 million on a 126% increase in units sold.
- Growing installed base and increased printer utilization fueled materials revenue growth of 30%.
- Expanding services menu contributed to a 38% increase in services revenue.
- Delayed new products availability held consumer revenue to \$7.4 million, but didn’t impede higher consumer bookings of an additional \$7.7 million.
- Healthcare revenue increased 46% to \$27.5 million from expanding services and capabilities.

Gross profit margin shouldered the transitional effects of concentrated new product launches as well as the absorption of legacy products obsolescence and manufacturing expansion costs. Together, these factors and changed mix compressed gross profit margin some 400 basis points from the prior year’s quarter to 47.8%.

“While transitional forces temporarily pressured our gross profit margin, a detailed examination of the specific drivers, confirms that the fundamentals of our business are intact and our gross profit margins are poised to rebound and resume their expansion trajectory,” continued Reichental.

The company effectively kept its operating expenses flat, on a sequential basis, even with continued investments in R&D, sales, marketing and manufacturing capacity. The company generated \$19.0 million of cash from operations during the second quarter as returns on its recent investments began to materialize and enterprise-wide integration synergies continued to accrue. The company ended the quarter with \$570.3 million cash on hand, inclusive of an equity raise completed earlier in the quarter.

“As we advance our market leadership and scale in key verticals through our increased investments, our progress is ahead of schedule and our enterprise-wide synergies are already generating substantial cash from operations,” continued Reichental.

For the six months 2014, revenue grew \$76.4 million, or 34%, with growth distributed broadly across all categories, to \$299.3 million, resulting in GAAP earnings per share of \$0.07 per share and non-GAAP earnings per share of \$0.30 per share.

Recent Business Highlights

- The company acquired Medical Modeling, a leading provider of FDA cleared, personalized surgical treatment planning and patient specific medical devices, to create the most comprehensive 3D printing medical device capabilities and enhance its 3D printing digital thread.
- The company signed a definitive agreement to acquire Robtec, which will provide a strategic sales and service platform and scalable gateway into Latin America.
- The company extended its global reseller channel, adding several key distributors including ScanSource, Konica Minolta and Cannon Marketing Japan.
- The company signed a definitive agreement to acquire Simbionix, the global leader in 3D virtual reality surgical simulation, to extend its healthcare reach from the training room to the operating room with the addition of powerful synergistic technology, deep experience and domain expertise.

3DS entered the second half of this year with a substantially larger order book and favorable growth indicators. The company typically realizes a higher portion of its annual revenue during the second half of the year, and expects the same in the remainder of 2014 as the full impact of its new products and services and recent investments materializes. Factoring in the expected net contribution after closure of the Simbionix acquisition and delayed closing of the Robtec acquisition that was already included in its previous guidance, management raised its 2014 revenue guidance. Management expects revenue to be in the range of \$700 million to \$740 million and its GAAP earnings per share to be in the range of \$0.44 to \$0.56 and non-GAAP earnings per share to be in the range of \$0.73 to \$0.85.

“Consistent with our historical performance, we expect to generate a higher portion of our revenue during the second half on rebounding margins. Record bookings for our design and manufacturing printers together with rising orders for our consumer products provides us with confidence in our ability to achieve our 2014 guidance,” concluded Reichental.

26. On July 31, 2014, 3D Systems filed its Quarterly Report with the SEC on Form 10-Q for the 2014 fiscal second quarter. The Company’s Form 10-Q was signed by Defendant Gregoire, and reaffirmed the Company’s statements previously announced that day.

27. On this news, shares of 3D Systems declined \$5.94 per share, over 10%, to close on July 31, 2014, at \$50.13 per share, on unusually heavy volume.

28. The statements contained in ¶¶19-27 were materially false and/or misleading when made because defendants failed to disclose or indicate the following: (1) that the Company overstated the ability of various acquisitions to increase the Company's sales and capacity; (2) that the Company was unable to increase manufacturing capacity of its metal printers to meet demand; (3) that, as a result, the Company's revenues for 2014 would be below expectations; and (4) that, as a result of the foregoing, Defendants' statements about 3D Systems's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

29. On October 22, 2014, 3D Systems issued a press release entitled, "3D Systems Announces Preliminary Third Quarter 2014 Results." Therein, the Company, in relevant part, stated:

- Updates full-year 2014 guidance
- Announces conference call to discuss preliminary results
- Sets date to discuss final results for third quarter

3D Systems Corporation (NYSE:DDD) announced today that it anticipates its third quarter revenue to be in the range of \$164 million to \$169 million and a sequentially growing order book of \$42 million. The company expects to report GAAP earnings per share in the range of \$0.01 to \$0.03 and non-GAAP EPS in the range of \$0.16 to \$0.19. These are preliminary results based on current expectations and are subject to quarter-end closing adjustments, actual results may differ.

Strengthening sales of the company's design, manufacturing and healthcare products and services were not enough to overcome the revenue shortfall from the continued manufacturing capacity constraints for its direct metals printers and delayed availability of its newest consumer products.

"We are disappointed that we failed to fully capitalize on the robust demand for our direct metal and consumer products during the quarter," said Avi Reichental, President and Chief Executive Officer, 3DS. "While we worked very hard to deliver these products sooner, achieving manufacturing scale, quality and user experience targets took significantly longer than we had anticipated."

At the end of the third quarter, the company brought online a second direct metal 3D printers' manufacturing line and began commercial shipments of its latest consumer printers.

"Now that we have closed these availability gaps, we expect our revenue growth rate to increase," continued Reichental.

The company expects to report that its materials' gross profit margins rebounded for the quarter and its Quickparts' gross profit margin expanded sequentially, despite greater drag from concentrated service bureau acquisitions in the quarter. Notwithstanding these gains, the company expects its consolidated gross profit margin for the quarter to remain sequentially flat as a result of the current sales volume and mix and the residual costs of manufacturing start up and ramp.

"Our accelerated investments in new products and acquisitions contributed to a record order book in every period of this year, but disrupted revenue generation and pressured our gross profit margins. Now that we are shifting our attention to fine-tuning these investments, we expect to leverage them into a valuable and sustainable first-mover advantage," stated Reichental.

Factoring in its third quarter revenue shortfall and outlook for the remainder of the year, management trimmed its previous guidance for the full year 2014. Management now expects revenue in the range of \$650 million to \$690 million, and GAAP earnings per share of \$0.18 to \$0.28 and non-GAAP earnings per share in the range of \$0.70 to \$0.80.

"The same decisive actions that pressured our short term performance also delivered a much stronger portfolio of self-developed and acquired products and services. In the aggregate, we believe this positions us well to achieve our long-term targets," concluded Reichental.

(Emphasis added).

30. On this news, shares of 3D Systems declined \$6.71 per share, over 15%, to close on October 22, 2014, at \$36.67 per share, on unusually heavy volume.

CLASS ACTION ALLEGATIONS

31. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all those who purchased 3D Systems's securities between October 29, 2013 and October 22, 2014, inclusive (the "Class Period") and who were damaged thereby (the "Class"). Excluded from the Class are Defendants,

the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

32. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, 3D Systems's securities were actively traded on the New York Stock Exchange (the "NYSE"). While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Millions of 3D Systems shares were traded publicly during the Class Period on the NYSE. As of July 23, 2014, 3D Systems had 109,919,858 shares of common stock outstanding. Record owners and other members of the Class may be identified from records maintained by 3D Systems or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

33. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

34. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

35. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of 3D Systems; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

36. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

37. The market for 3D Systems's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, 3D Systems's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired 3D Systems's securities relying upon the integrity of the market price of the Company's securities and market information relating to 3D Systems, and have been damaged thereby.

38. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of 3D Systems's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. Said statements and omissions were materially false and/or misleading in that they failed to disclose material adverse information and/or

misrepresented the truth about 3D Systems's business, operations, and prospects as alleged herein.

39. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about 3D Systems's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

LOSS CAUSATION

40. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

41. During the Class Period, Plaintiff and the Class purchased 3D Systems's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

42. As alleged herein, Defendants acted with scienter in that Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding 3D Systems, his/her control over, and/or receipt and/or modification of 3D Systems's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning 3D Systems, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD-ON-THE-MARKET DOCTRINE)

43. The market for 3D Systems's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, 3D Systems's securities traded at artificially inflated prices during the Class Period. On January 3, 2014, the Company's stock closed at a Class Period high of \$96.42 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of 3D Systems's securities and market information relating to 3D Systems, and have been damaged thereby.

44. During the Class Period, the artificial inflation of 3D Systems's stock was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or

misleading statements about 3D Systems's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of 3D Systems and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company stock. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

45. At all relevant times, the market for 3D Systems's securities was an efficient market for the following reasons, among others:

(a) 3D Systems stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, 3D Systems filed periodic public reports with the SEC and/or the NYSE;

(c) 3D Systems regularly communicated with public investors *via* established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) 3D Systems was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

46. As a result of the foregoing, the market for 3D Systems's securities promptly digested current information regarding 3D Systems from all publicly available sources and reflected such information in 3D Systems's stock price. Under these circumstances, all purchasers of 3D Systems's securities during the Class Period suffered similar injury through their purchase of 3D Systems's securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

47. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of 3D Systems who knew that the statement was false when made.

FIRST CLAIM
Violation of Section 10(b) of
The Exchange Act and Rule 10b-5
Promulgated Thereunder Against All Defendants

48. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

49. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase 3D Systems's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

50. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for 3D Systems's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

51. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about 3D Systems's financial well-being and prospects, as specified herein.

52. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a

course of conduct as alleged herein in an effort to assure investors of 3D Systems's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about 3D Systems and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

53. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

54. The defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such

defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing 3D Systems's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

55. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of 3D Systems's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired 3D Systems's securities during the Class Period at artificially high prices and were damaged thereby.

56. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that 3D Systems was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their 3D Systems

securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

57. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

58. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of
The Exchange Act Against the Individual Defendants

59. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

60. The Individual Defendants acted as controlling persons of 3D Systems within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

61. In particular, each of these Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

62. As set forth above, 3D Systems and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

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Respectfully submitted,

/s/ Lindsey W. Cooper Jr.

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(Pending Pro Hac Vice Order)

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Attorneys for Plaintiff James Pruitt

Dated: August 10, 2015
Charleston, South Carolina

GLANCY PRONGAY & MURRAY LLP
SWORN CERTIFICATION OF PLAINTIFF
3D SYSTEMS CORPORATION SECURITIES LITIGATION

I, James Pruitt, certify that:

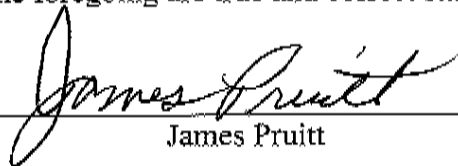
1. I have reviewed the Complaint and authorized its filing and/or the filing of a Lead Plaintiff motion on my behalf.
2. I did not purchase 3D Systems Corporation, the security that is the subject of this action, at the direction of plaintiff's counsel or in order to participate in any private action arising under this title.
3. I am willing to serve as a representative party on behalf of a class and will testify at deposition and trial, if necessary.
4. My transactions in 3D Systems Corporation, during the Class Period set forth in the Complaint are as follows:

See attachment.

5. I have not served as a representative party on behalf of a class under this title during the last three years.
6. I will not accept any payment for serving as a representative party, except to receive my pro rata share of any recovery or as ordered or approved by the court, including the award to a representative plaintiff of reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

I declare under penalty of perjury that the foregoing are true and correct statements.

Dated: 7-28-2015


James Pruitt

James Pruitt's Transactions in 3D Systems Corporation (DDD)

Date	Transaction Type	Security Type	Quantity	Price
11/7/2013	Bought	Common Stock	50	\$67.5000
11/8/2013	Sold	Common Stock	-50	\$69.5006
11/13/2013	Bought	Common Stock	100	\$76.6410
11/13/2013	Sold	Common Stock	-100	\$77.7100
11/19/2013	Bought	Common Stock	100	\$78.0700
12/2/2013	Sold	Common Stock	-100	\$78.0700
12/6/2013	Bought	Common Stock	100	\$74.5000
12/9/2013	Sold	Common Stock	-100	\$77.0000
1/17/2014	Bought	Common Stock	500	\$93.3000
1/21/2014	Bought	Common Stock	100	\$86.7188
1/22/2014	Bought	Common Stock	100	\$87.9044
1/22/2014	Sold	Common Stock	-100	\$88.0000
1/23/2014	Bought	Common Stock	100	\$82.2158
3/7/2014	Bought	Common Stock	200	\$66.9980
3/7/2014	Sold	Put Exp Mar 14, 2014, \$65	3	\$1.9370
3/14/2014	Bought	Common Stock	300	\$65.0000
3/14/2014	Assigned	Put Exp Mar 14, 2014, \$65	3	-
3/24/2014	Bought	Common Stock	100	\$57.2500
4/4/2014	Bought	Common Stock	100	\$55.3270