

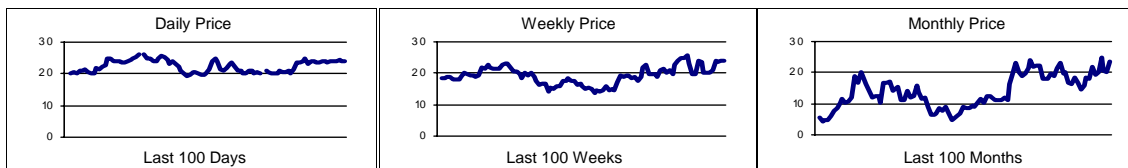
**TDSC 3D SYSTEMS CORP**

**Current Price \$23.89**

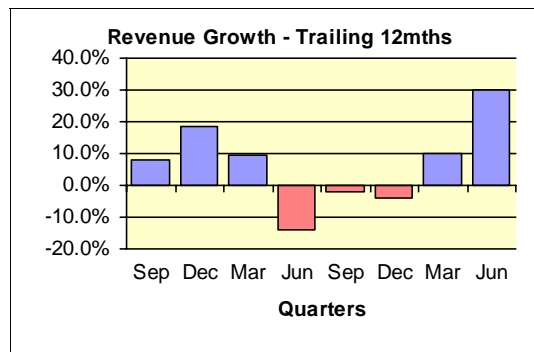
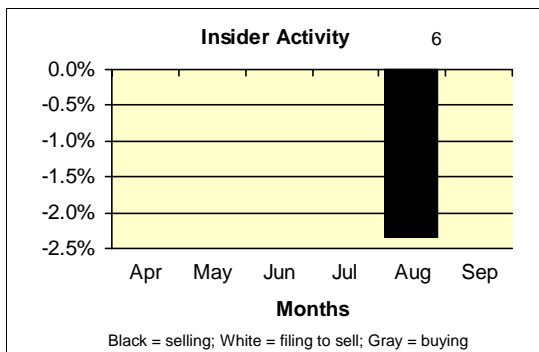
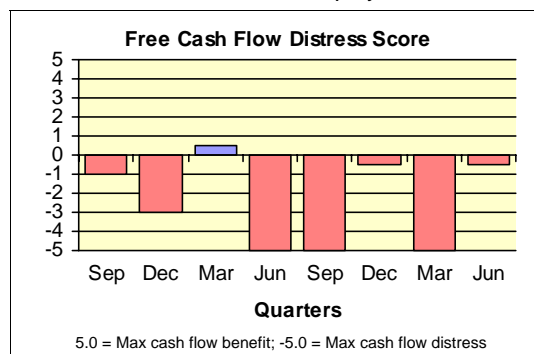
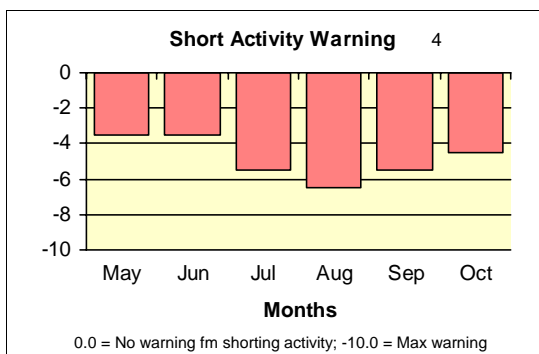
Market cap \$529

Price, 52-wk Hi/Lo \$26.50 / \$13.62

3D Systems Corporation through its subsidiaries engages in the design development manufacture marketing and service of 3-D printing prototyping and manufacturing systems and related products and materials.



Options?	No	Recent convertible	No	Convertible debts and pfd <sup>1</sup>	\$15
PE TTM	NEG x	Insider ownership	21 %	Next earnings due:	2/1/2008
Estimated PE	NEG x	Potential dilution <sup>2</sup>	6 %	Bankruptcy Z-Score <sup>3</sup>	1.9



## RED FLAGS

<p><i>Ability to meet expectations</i></p> <p>High P/S ratio TTM <sup>7</sup> <input type="checkbox"/></p> <p>Negative free cash flow <sup>8</sup> <input checked="" type="checkbox"/></p> <p>Sales growth slowdown <sup>9</sup> <input type="checkbox"/></p> <p><i>Accounting issues</i></p> <p>Change in actg principles <sup>10</sup> <input type="checkbox"/></p> <p>Qualified audit language <sup>11</sup> <input type="checkbox"/></p>	<p><i>Early balance sheet warnings</i></p> <p>Rising inventory to sales <sup>12</sup> <input type="checkbox"/></p> <p>Rising accounts receivable <sup>13</sup> <input type="checkbox"/></p> <p>High long-term debt to capital <sup>14</sup> <input type="checkbox"/></p> <p><i>Stock and debt ratings</i></p> <p>Recent downward earns ests <sup>15</sup> <input type="checkbox"/></p> <p>S+P Debt Downgrade <sup>16</sup> <input type="checkbox"/></p>	<p><i>Stock selling signals</i></p> <p>High insider selling <sup>17</sup> <input type="checkbox"/></p> <p>Large institutional ownership <sup>18</sup> <input type="checkbox"/></p> <p>Co sales of common stock <sup>19</sup> <input checked="" type="checkbox"/></p>
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## INVESTMENT CONCERNS

The market for 3-D printing has shown strong unit growth except at 3D Systems. In response, the company decided to shift from being a high price/high quality vendor to being a low cost provider. That strategy will bypass current customers – the service bureaus – and go directly to end-users, effectively burning bridges with current clients. That strategy also seems to preempt other options. The company is losing money and burning cash, with losses anticipated for the foreseeable future. Its chief accounting officer just resigned.