

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 6-K**

**Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16  
under the Securities Exchange Act of 1934**

For the month of March 2013.

Commission File Number 001-35751

**STRATASYS LTD.**

(Translation of registrant's name into English)

c/o Stratasys, Inc.  
7665 Commerce Way  
Eden Prairie, Minnesota 55344

2 Holtzman Street, Science Park  
P.O. Box 2496  
Rehovot, Israel 76124

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

**CONTENTS**

On March 4, 2013, Stratasys Ltd. ("we," "us" or the "Company") announced our financial results for the fourth quarter and fiscal year ended December 31, 2012. A copy of our press release announcing our results is furnished as Exhibit 99.1 to this Report on Form 6-K ("**Form 6-K**") and is incorporated herein by reference.

In conjunction with the conference call held on March 4, 2013, to discuss our results, we are also furnishing a copy of the script used for the conference call to provide additional information regarding our business and our financial results (attached to this Form 6-K as Exhibit 99.2 and incorporated herein by reference) and a PowerPoint presentation with additional information (attached to this Form 6-K as Exhibit 99.3 and incorporated herein by reference).

The information in this Form 6-K, including Exhibits 99.1, 99.2 and 99.3, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**STRATASYS LTD.**

Dated: March 4, 2013

By: /s/ S. Scott Crump  
Name: S. Scott Crump  
Title: Chairman

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**EXHIBIT INDEX**

The following exhibits are filed as part of this Form 6-K:

<u>Exhibit</u>	<u>Description</u>
99.1	Press release dated March 4, 2013.

99.2 Script for the Company's conference call held on March 4, 2013.

99.3 PowerPoint presentation with additional information.

**PRESS RELEASE**

FOR: STRATASYS LTD.

CONTACT: Shane Glenn, Director of Investor Relations  
(952) 294-3416, shane.glenn@stratasys.com

**STRATASYS REPORTS STRONG FOURTH QUARTER AND FISCAL 2012 FINANCIAL RESULTS**

*In First Post-Merger Report Company Issues Fiscal 2013 Revenue Guidance of \$430 to \$445 million.*

MINNEAPOLIS, MN & REHOVOT, ISRAEL, March 4, 2013 — Stratasys Ltd. (NASDAQ: SSSYS) today announced financial results for the fourth quarter and fiscal year 2012, the first quarter of combined results for Stratasys, Inc. and Objet Ltd. following the December 1, 2012 completion of their merger.

**Financial Results Summary (Pro Forma Combined Basis):**

- Revenue of \$96.4 million for the fourth quarter of 2012 represents a 23% increase over the \$78.3 million recorded for the same period last year.
- Non-GAAP Net Income of \$16.3 million for the fourth quarter, or \$0.40 per share, represents a 40% increase over the \$11.7 million, or \$0.30 per share, reported for the same period last year.
- GAAP Net Income for the fourth quarter was a loss of \$3.5 million, or (\$0.09) per share, versus a loss of \$6.3 million, or (\$0.17) per share, for the same period last year.
- Revenue of \$359.0 million for fiscal 2012 represents a 30% increase over the \$277.0 million reported for same period last year.
- Non-GAAP Net Income of \$59.6 million for fiscal 2012, or \$1.49 per share, represents a 60% increase over the \$37.2 million, or \$0.94 per share, recorded for the same period last year.
- GAAP Net Income for fiscal 2012 was a loss of \$21.6 million, or (\$0.58) per share, versus a loss of \$30.9 million, or (\$0.84) per share, for the same period last year.
- Non-GAAP Gross Margins improved to 58.0% from 56.5% in fiscal 2012, and improved to 57.8% from 56.9% in the fourth quarter over prior year periods.
- GAAP Gross Margins improved to 45.7% from 40.8% in fiscal 2012, and improved to 46.1% from 42.9% in the fourth quarter over prior year periods.
- The Company has shipped 29,816 systems worldwide as of December 31, 2012.
- Fiscal 2012 year-end system backlog totaled \$28.6 million.

“Our financial results reflect the strong demand for our products driven by the rapidly growing interest in additive manufacturing worldwide, as more companies are

recognizing how our technology can reshape the way their products are designed and manufactured,” said David Reis, chief executive officer of Stratasys. “Our results and strong year-end backlog are made more impressive when you consider the significant amount of resources committed during the period to complete our game-changing merger, which included the initiation of an integration plan for our worldwide sales, marketing and service organization and their related support infrastructure. We are very pleased with our first financial results as a combined company.”

Following completion of the merger between Stratasys, Inc. and Objet Ltd., the Company benefits from a global network of more than 260 resellers and independent sales agents that sell Stratasys products and services worldwide. In this connection, the Company has initiated a comprehensive integration plan, which includes a cross-training program to enable its reseller and sales agent network to market and sell the combined product and service portfolio. The Company expects to conclude the cross-training process within 18 months, yielding a more capable reseller network.

The Company spent a net amount of \$33.3 million, or 9.3% of its 2012 revenue, on research and development on a pro forma non-GAAP basis and \$36.9 million, or 10.3% on a pro forma GAAP basis. The Company’s ongoing combined R&D investments yielded a number of product introductions in the fourth quarter, including:

- Launch of the Objet1000 — the world’s most effective large-format 3D printer for industrial scale prototypes.
- Launch of the Scholar — an accessible and highly affordable PolyJet 3D printer package for academia.
- Introduction of black color ULTEM 9085 — a high-performance thermoplastic, for use in its FDM 3D printing process.
- Introduction of new rigid black PolyJet material and 16 new rigid/rubber-like composites — bringing availability of PolyJet materials to more than 120.

In 2013, the Company will continue significant investment in its R&D efforts, focusing on further developing its proprietary technologies, enhancing its AM systems, and developing new systems and materials in order to broaden its product offerings.

“Stratasys has significantly expanded its sales reach, and now maintains a combined sales and marketing infrastructure that is unmatched within the industry,” said Scott Crump,

chairman and chief innovation officer of Stratasys. “We have initiated the process of cross-selling our portfolio of complementary additive manufacturing solutions through our channel worldwide. In addition, we are focused on improving our existing platforms and developing new products that meet the needs of our customers. We expect these channel and product initiatives will provide more opportunities to sell our products going forward.”

**Financial Guidance**

Stratasys provided the following financial guidance for the fiscal year ending December 31, 2013:

- Revenue guidance of \$430 million to \$445 million.
- Non-GAAP earnings guidance of \$1.80 to \$1.95 per share.
- GAAP earnings guidance of a (\$0.41) to (\$0.16) per share loss.

Non-GAAP earnings guidance excludes \$60.5 million of projected amortization of intangible assets; \$20.5 million to \$23.0 million of share-based compensation expense; and \$7.2 million to \$8.8 million in merger-related expenses. The Company expects to record significant one-time integration expenses as a result of infrastructure alignment and brand unification.

Revenue growth is expected to be relatively stronger in the second half of the year as the Company progresses through its integration plan and revenue synergies from selling

the combined product portfolio ramp as more resellers are cross-trained to sell the complementary product line. Guidance assumes that the merger integration plan will be a major focus in 2013, and that the Company will make significant investments to fund growth, including incremental sales, marketing and R&D expenses.

Appropriate reconciliations between GAAP and non-GAAP financial measures are provided in a table at the end of this press release. The table provides itemized detail of the non-GAAP financial measures.

“The fourth quarter represents the beginning of a new chapter for our combined companies as the merger of Stratasys, Inc. and Objet Ltd. has created an industry leader

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within the additive manufacturing industry. We are focused on expanding applications and driving adoption, and we believe that the new Stratasys is uniquely positioned to capitalize on the rapidly growing demand for our products worldwide. We believe that we have only begun to recognize the potential within our industry, and we are excited about 2013 in view of the merger and the many new opportunities we see developing this year and beyond,” Reis concluded.

#### **Stratasys Ltd. Q4 Conference Call Details**

Stratasys plans to hold a conference call to discuss its fourth quarter financial results on Monday, March 4, 2013 at 8:30 a.m. (ET).

The investor conference call will be available via live webcast on the Stratasys Web site at [www.stratasys.com](http://www.stratasys.com) under the “Investors” tab; or directly at the following web address: <http://www.media-server.com/m/p/aiX9b7e6>.

To participate by telephone, the domestic dial-in number is 866-270-6057 and the international dial-in is 617-213-8891. The access code is 82394547. Investors are advised to dial into the call at least ten minutes prior to the call to register.

The webcast will be available for 90 days on the “Investors” page of the Stratasys Web site or by accessing the provided web address.

(Financial tables follow)

#### **Cautionary Statement Regarding Forward-Looking Statements**

Certain information included or incorporated by reference in this press may be deemed to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are often characterized by the use of forward-looking terminology such as “may,” “will,” “expect,” “anticipate,” “estimate,” “continue,” “believe,” “should,” “intend,” “project” or other similar words, but are not the only way these statements are identified. These forward-looking statements may include, but are not limited to, statements relating to the Company’s objectives, plans and strategies, statements that contain projections of results of operations or of financial condition and all statements (other than statements of historical facts) that address activities, events or developments that the Company intends, expects,

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projects, believes or anticipates will or may occur in the future. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. The Company has based these forward-looking statements on assumptions and assessments made by its management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Important factors that could cause actual results, developments and business decisions to differ materially from those anticipated in these forward-looking statements include, among other things: the Company’s ability to efficiently and successfully integrate the operations of Stratasys, Inc. and Objet Ltd. after their merger; the overall global economic environment; the impact of competition and new technologies; general market, political and economic conditions in the countries in which the Company operates; projected capital expenditures and liquidity; changes in the Company’s strategy; government regulations and approvals; changes in customers’ budgeting priorities; litigation and regulatory proceedings; and those factors referred to under “Risk Factors”, “Information on the Company”, “Operating and Financial Review and Prospects”, and generally in the Company’s annual report for 2012 to be filed on Form 20-F and in other reports that the Company files with the U.S. Securities and Exchange Commission. Readers are urged to carefully review and consider the various disclosures made in the Company’s SEC reports, which are designed to advise interested parties of the risks and factors that may affect its business, financial condition, results of operations and prospects. Any forward-looking statements in this press release are made as of the date hereof, and the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

#### **Non-GAAP Discussion Disclosure**

The information discussed within this release includes financial results and projections that are in accordance with accounting principles generally accepted in the United States (GAAP). In addition, certain non-GAAP financial measures have been provided that exclude certain charges, expenses and income. The non-GAAP measures should be read in conjunction with the corresponding GAAP measures and should be considered in addition to, and not as an alternative or substitute for, the measures prepared in accordance with GAAP. The non-GAAP financial measures are provided in an effort to provide information that investors may deem relevant to evaluate results from the Company’s core business operations and to compare the Company’s performance with prior periods. The non-GAAP financial measures primarily identify and exclude certain discrete items, such as transaction-related expenses, amortization expenses and expenses associated with share-based compensation required under ASC 718. The Company uses these non-GAAP financial measures for evaluating comparable financial performance against prior periods.

This release is available on the Stratasys web site at [www.stratasys.com](http://www.stratasys.com)

**Stratasys Ltd.** (Nasdaq: SSYS) is the corporate entity formed in 2012 by the merger of 3D printing companies Stratasys Inc. and Objet Ltd., based in Minneapolis, Minn. and Rehovot, Israel. The Company manufactures 3D printers and materials for prototyping and production. Its patented FDM® and PolyJet® processes produce prototypes and manufactured goods directly from 3D CAD files or other 3D content. Systems include

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affordable desktop 3D printers for idea development, a range of systems for prototyping, and large production systems for direct digital manufacturing. Since June 2012, the Company’s range of over 130 3D printing materials is the widest in the industry and includes in excess of 120 proprietary inkjet-based photopolymer materials and 10 proprietary FDM-based thermoplastic materials. Stratasys also manufactures Solidscape 3D Printers and operates the RedEye On Demand digital-manufacturing service. The Company has more than 1100 employees, holds more than 500 granted or pending additive manufacturing patents globally, and has received more than 20 awards for its technology and leadership. Online at: [www.stratasys.com](http://www.stratasys.com) or <http://blog.stratasys.com> / [www.objet.com](http://www.objet.com) or <http://blog.objet.com>.

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**Stratasys Ltd.**

**Consolidated Statements of Operations**

(in thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31, 2011	
	2012 (unaudited)	2011 (unaudited)	2012 (unaudited)	2011
<b>Net sales</b>				
Products	\$ 59,461	\$ 36,203	\$ 179,762	\$ 127,476
Services	11,690	7,369	35,482	28,418
	<u>71,151</u>	<u>43,572</u>	<u>215,244</u>	<u>155,894</u>
<b>Cost of sales</b>				
Products	32,138	17,792	86,742	61,545
Services	6,175	2,916	18,591	11,945
	<u>38,313</u>	<u>20,708</u>	<u>105,333</u>	<u>73,490</u>
<b>Gross profit</b>	32,838	22,864	109,911	82,404
<b>Operating expenses</b>				
Research and development, net	7,083	3,672	19,659	14,360
Selling, general and administrative	30,764	10,300	73,130	39,038
	<u>37,847</u>	<u>13,972</u>	<u>92,789</u>	<u>53,398</u>
<b>Operating income (loss)</b>	(5,009)	8,892	17,122	29,006
<b>Other income (expense)</b>	871	(187)	1,388	2,346
<b>Income (loss) before income taxes</b>	(4,138)	8,705	18,510	31,352
Income taxes (benefit)	(239)	2,919	9,687	10,726
<b>Net income (loss)</b>	\$ (3,899)	\$ 5,786	\$ 8,823	\$ 20,626
Net income attributable to non-controlling interest	\$ 332	\$ —	\$ 332	\$ —
Net income (loss) attributable to Stratasys Ltd.	<u>\$ (4,231)</u>	<u>\$ 5,786</u>	<u>\$ 8,491</u>	<u>\$ 20,626</u>
<b>Net income (loss) per ordinary share attributable to Stratasys Ltd.</b>				
Basic	\$ (0.16)	\$ 0.27	\$ 0.37	\$ 0.98
Diluted	(0.16)	0.27	0.36	0.95
<b>Weighted average ordinary shares outstanding</b>				
Basic	27,261	21,207	22,812	21,133
Diluted	27,261	21,588	23,776	21,653

**Stratasys Ltd.**

**Consolidated Balance Sheets**

(in thousands)

December 31,	2012	2011
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 133,826	\$ 20,092
Short-term bank deposits	20,063	—
Restricted deposits	929	—
Short-term investments	—	14,602
Accounts receivable:		
Trade, less allowance for doubtful accounts of \$654 at December 31, 2012 and \$1,089 at December 31, 2011	64,678	24,642
Other	22,934	1,589
Inventories	67,995	22,771
Net investment in sales-type leases, less allowance for doubtful accounts of \$301 at December 31, 2012 and \$230 at December 31, 2011	5,134	3,295
Prepaid expenses	2,751	3,259
Deferred income taxes	4,968	2,973
Total current assets	<u>323,278</u>	<u>93,223</u>
<b>Property, plant and equipment, net</b>	<u>62,070</u>	<u>39,669</u>
<b>Other assets</b>		

Goodwill	822,475	25,394
Other intangible assets, net	510,372	25,295
Net investment in sales-type leases	7,872	5,495
Long-term investments	1,634	32,581
Amounts funded in respect of employees rights upon retirement	2,628	—
Other non-current assets	1,184	113
Total other assets	1,346,165	88,878
<b>Total assets</b>	<b>\$ 1,731,513</b>	<b>\$ 221,770</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 35,235	\$ 8,541
Other current liabilities	40,179	10,827
Deferred tax liabilities	945	—
Unearned revenues	18,068	9,769
Total current liabilities	94,427	29,137
<b>Non-current liabilities</b>		
Employee rights upon retirement	4,188	—
Deferred tax liabilities	54,693	6,760
Unearned revenues - long-term	3,181	2,562
Other non-current liabilities	2,868	—
<b>Total liabilities</b>	<b>159,357</b>	<b>38,459</b>
<b>Commitments and contingencies</b>		
<b>Equity</b>		
Ordinary shares, NIS 0.01 nominal value, authorized 60,000 shares; 38,372 and 21,246 shares issued and outstanding at December 31, 2012 and 2011, respectively	101	55
Additional paid-in capital	1,459,294	79,343
Retained earnings	112,503	104,012
Accumulated other comprehensive loss	(238)	(99)
Equity attributable to Stratasys Ltd.	1,571,660	183,311
Non-controlling interest	496	—
Total equity	1,572,156	183,311
<b>Total liabilities and equity</b>	<b>\$ 1,731,513</b>	<b>\$ 221,770</b>

Note: Certain reclassifications have been made to prior period balances to conform to current period presentation.

## Stratasys Ltd.

### Reconciliation of Pro Forma GAAP to Pro Forma Non-GAAP Results of Operations

(in thousands, except per share data)

	Three Months Ended December 31, 2012			Three Months Ended December 31, 2011		
	Pro Forma GAAP (unaudited)	Adjustments*	Pro Forma Non-GAAP (unaudited)	Pro Forma GAAP (unaudited)	Adjustments*	Pro Forma Non-GAAP (unaudited)
<b>Net sales</b>						
Products	\$ 81,651	\$ —	\$ 81,651	\$ 66,512	\$ —	\$ 66,512
Services	14,711	—	14,711	11,778	—	11,778
	96,362	—	96,362	78,290	—	78,290
<b>Cost of sales</b>						
Products	41,641	(10,936)	30,705	38,039	(10,519)	27,520
Services	10,329	(397)	9,932	6,656	(438)	6,218
	51,970	(11,333)	40,637	44,695	(10,957)	33,738
<b>Gross profit</b>	44,392	11,333	55,725	33,595	10,957	44,552
<b>Operating expenses</b>						
Research and development, net	10,210	(988)	9,222	8,241	(879)	7,362
Selling, general and administrative	38,200	(10,059)	28,141	29,166	(7,399)	21,767
	48,410	(11,047)	37,363	37,407	(8,278)	29,129
<b>Operating income (loss)</b>	(4,018)	22,380	18,362	(3,812)	19,235	15,423
<b>Other income (expense)</b>	1,408	—	1,408	(77)	—	(77)

<b>Income (loss) before income taxes</b>	(2,610)	22,380	19,770	(3,889)	19,235	15,346
Income taxes	747	2,606	3,353	2,408	1,285	3,693
<b>Net income (loss)</b>	\$ (3,357)	\$ 19,774	\$ 16,417	\$ (6,297)	\$ 17,950	\$ 11,653
Net income attributable to non-controlling interest	\$ 158	\$ —	\$ 158	\$ —	\$ —	\$ —
Net income (loss) attributable to Stratasys Ltd.	\$ (3,515)	\$ 19,774	\$ 16,259	\$ (6,297)	\$ 17,950	\$ 11,653
<b>Net income (loss) per ordinary share attributable to Stratasys Ltd.</b>						
Basic	\$ (0.09)		\$ 0.43	\$ (0.17)		\$ 0.32
Diluted	(0.09)		0.40	(0.17)		0.30
<b>Weighted average ordinary shares outstanding</b>						
Basic	37,557		37,557	36,652		36,652
Diluted	37,557		40,327	36,652		39,480

The Company considers these non-GAAP measures to be indicative of its core operating results and facilitates a comparison of operating results across reporting periods. The Company uses these non-GAAP measures when evaluating its financial results as well as for internal planning and forecasting purposes, however these measures should not be viewed as a substitute for the Company's GAAP results.

\* Refer to the "Reconciliation of Non-GAAP Adjustments" herein for further information regarding adjustments.

## Stratasys Ltd.

### Reconciliation of Pro Forma GAAP to Pro Forma Non-GAAP Results of Operations

(in thousands, except per share data)

	Twelve Months Ended December 31, 2012			Twelve Months Ended December 31, 2011		
	Pro Forma (unaudited)	Adjustments*	Pro Forma Non-GAAP (unaudited)	Pro Forma (unaudited)	Adjustments*	Pro Forma Non-GAAP (unaudited)
<b>Net sales</b>						
Products	\$ 306,043	\$ —	\$ 306,043	\$ 233,235	\$ —	\$ 233,235
Services	53,011	—	53,011	43,755	—	43,755
	359,054	—	359,054	276,990	—	276,990
<b>Cost of sales</b>						
Products	158,828	(42,964)	115,864	137,556	(41,826)	95,730
Services	36,303	(1,475)	34,828	26,395	(1,504)	24,891
	195,131	(44,439)	150,692	163,951	(43,330)	120,621
<b>Gross profit</b>	163,923	44,439	208,362	113,039	43,330	156,369
<b>Operating expenses</b>						
Research and development, net	36,923	(3,597)	33,326	31,934	(3,005)	28,929
Selling, general and administrative	141,232	(40,354)	100,878	104,928	(28,287)	76,641
	178,155	(43,951)	134,204	136,862	(31,292)	105,570
<b>Operating income (loss)</b>	(14,232)	88,390	74,158	(23,823)	74,622	50,799
<b>Other income (expense)</b>	2,124	—	2,124	1,118	(1,831)	(713)
<b>Income (loss) before income taxes</b>	(12,108)	88,390	76,282	(22,705)	72,791	50,086
Income taxes	9,407	7,225	16,632	8,148	4,768	12,916
<b>Net income (loss)</b>	\$ (21,515)	\$ 81,165	\$ 59,650	\$ (30,853)	\$ 68,023	\$ 37,170
Net income attributable to non-controlling interest	\$ 62	\$ —	\$ 62	\$ —	\$ —	\$ —
Net income (loss) attributable to Stratasys Ltd.	\$ (21,577)	\$ 81,165	\$ 59,588	\$ (30,853)	\$ 68,023	\$ 37,170
<b>Net income (loss) per ordinary share attributable to Stratasys Ltd.</b>						
Basic	\$ (0.58)		\$ 1.61	\$ (0.84)		\$ 1.02
Diluted	(0.58)		1.49	(0.84)		0.94
<b>Weighted average ordinary shares outstanding</b>						
Basic	36,987		36,987	36,577		36,577
Diluted	36,987		39,970	36,577		39,656

The Company considers these non-GAAP measures to be indicative of its core operating results and facilitates a comparison of operating results across reporting periods. The

Company uses these non-GAAP measures when evaluating its financial results as well as for internal planning and forecasting purposes, however these measures should not be viewed as a substitute for the Company's GAAP results.

\* Refer to the "Reconciliation of Non-GAAP Adjustments" herein for further information regarding adjustments.

**Stratasys Ltd.**

**Reconciliation of Non-GAAP Adjustments**

(in thousands)

	Three Months Ended December		Twelve Months Ended December	
	2012	2011	2012	2011
<b>Cost of sales, products</b>				
Objet intangible assets amortization expense	(9,824)	(9,824)	(39,294)	(39,294)
SolidScape intangible assets amortization expense	(436)	(436)	(1,744)	(1,163)
Non-cash stock-based compensation expense	(361)	(259)	(1,190)	(808)
Merger related expense	(194)	—	(265)	—
Expense related to the revaluation of SolidScape, Inc. and Fasotech Co., Ltd inventory at acquisition	(121)	—	(471)	(561)
	<u>(10,936)</u>	<u>(10,519)</u>	<u>(42,964)</u>	<u>(41,826)</u>
<b>Cost of sales, services</b>				
Non-cash stock-based compensation expense	(397)	(438)	(1,475)	(1,504)
<b>Research and development, net</b>				
Non-cash stock-based compensation expense	(988)	(879)	(3,597)	(3,005)
<b>Selling, general and administrative</b>				
Objet intangible assets amortization expense	(2,242)	(2,242)	(8,967)	(8,967)
SolidScape intangible assets amortization expense	(133)	(133)	(533)	(356)
Non-cash stock-based compensation expense	(5,187)	(5,024)	(21,592)	(18,349)
SolidScape acquisition expense	—	—	—	(615)
Merger related expense	(2,497)	—	(9,262)	—
	<u>(10,059)</u>	<u>(7,399)</u>	<u>(40,354)</u>	<u>(28,287)</u>
<b>Other income</b>				
Sale of an auction rate security	—	—	—	(626)
Sale of an equity investment	—	—	—	(1,205)
	—	—	—	(1,831)
<b>Income taxes</b>				
Tax expense related to non-GAAP adjustments	2,606	1,285	7,225	4,768
<b>Net income</b>	<u>\$ 19,774</u>	<u>\$ 17,950</u>	<u>\$ 81,165</u>	<u>\$ 68,023</u>

**Stratasys Ltd.**

**Reconciliation of GAAP to Non-GAAP Forward Looking Guidance**

Fiscal Year 2013	Earnings (loss) Per Diluted Share Range
<b>U.S. GAAP measure</b>	(\$0.41) to (\$0.16)
<b>Adjustments</b>	
Stock-based compensation expense	\$0.49 to \$0.55
Intangible assets amortization expense	\$1.45
Merger related expense	\$0.17 to \$0.21
<b>Non-GAAP estimate</b>	\$1.80 to \$1.95



**SLIDE#1: CONFERENCE TITLE SLIDE****SLIDES#2: CALL DETAILS****SPEAKER: SHANE GLENN**

Thank you, [ ]. Good morning everyone, and thank you for joining us to discuss our fourth quarter and fiscal year 2012 financial results. On the call with us today are David Reis, CEO; Erez Simha, CFO and COO-Israel; and Scott Crump, Chairman and Chief Innovation Officer of Stratasys. A reminder that access to today's call, including the prepared slide presentation, is available online at the web address provided in our press release. In addition, a replay of today's call, including access to the slide presentation, will be made available on the Investor Section of our web site later today.

**SLIDE#3: FORWARD LOOKING STATEMENT**

A reminder that certain information included or incorporated in this presentation may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are often characterized by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," "continue," "believe," "should," "intend," "project" or other similar words, but are not the only way these statements are identified. These forward-looking statements may include, but are not limited to, statements relating to the Company's objectives, plans and strategies, statements that contain projections of results of operations or of financial condition and all statements (other than statements of historical facts) that address activities, events or developments that the Company intends, expects, projects, believes or anticipates will or may occur in the future. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. The Company has based these forward-looking statements on assumptions and assessments made by its management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Important factors that could cause actual results, developments and business decisions to differ materially from those anticipated in these forward-looking statements include, among other things: the Company's ability to efficiently and successfully integrate the operations of Stratasys, Inc. and Objet Ltd. after their merger; the overall global economic environment; the impact of competition and new technologies; general market, political and economic conditions in the countries in which the Company operates; projected capital expenditures and liquidity; changes in the Company's strategy; government regulations and approvals; changes in customers' budgeting priorities; litigation and regulatory proceedings; and those factors referred to under "Risk Factors", "Information on the Company", "Operating and Financial Review and Prospects", and generally in the Company's annual report for 2012 to be filed on Form 20-F and in other reports that the Company files with the U.S. Securities and Exchange Commission. Readers are urged to carefully review and consider the various

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disclosures made in the Company's SEC reports, which are designed to advise interested parties of the risks and factors that may affect its business, financial condition, results of operations and prospects. Any forward-looking statements in this presentation are made as of the date hereof, and the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Now I'd like to turn the call over to Scott Crump, Chairman and Chief Innovation Officer of Stratasys. Scott.

**SLIDE#4: SCOTT CRUMP TITLE****SPEAKER: SCOTT CRUMP**

Thank you Shane. I would like to welcome all of you to the first quarterly conference call of Stratasys Ltd as a combined company.

We are very pleased with our accomplishments in the fourth quarter, including our strong financial performance.

These are very exciting times with significant opportunities for long-term growth. Prior to closing the merger our combined team spent 5 months developing a comprehensive integration plan to prepare for our success.

The fourth quarter was a very busy time for our company, as we worked hard to close the game-changing merger between Stratasys and Objet, while conducting business as usual within our extensive sales and marketing organization.

I am happy to report we pulled it off, and we have established a world-class organization of employees and partners to lead the company forward.

Now, I am also very pleased to introduce to you the new CEO of Stratasys, David Reis, who will lead our conference call today. David.

**SLIDE#5: DAVID REIS TITLE****SPEAKER: DAVID REIS**

Thank you Scott and good morning everyone. I would also like to thank you for joining today's call. As Scott mentioned, this is an exciting day for all of us, and we are very pleased with the results we have released today.

**SLIDE#6: HIGHLIGHTS**

In addition to our impressive financial results, we are excited about completing the merger of our two leading companies, and the positive implications it has on our future.

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We have initiated our integration plan for our worldwide sales and marketing organization; introduced exciting new products; and are planning for additional investments in product and channel development that we believe will expand applications and drive future acceptance.

We have a focused strategy and are confident that our new combined organization will be the leader in this rapidly developing market, and provide significant long-term value to our shareholders

I will return later in the call to provide more details on our strategy, but first I would like to turn the call over to our CFO and COO-Israel, Erez Simha, who will provide you details on our financial results. Erez.

**SLIDE#7 EREZ SIMHA TITLE**

**SPEAKER: EREZ SIMHA**

Thank you David, and good morning everyone.

We have provided you a significant amount of financial information in today's press release and conference call presentation.

In addition to the pro forma GAAP financial results, we have included corresponding pro forma non-GAAP financial results, which we believe more accurately reflect the combined performance of our company.

Within this non-GAAP presentation, we would like to make special note of the significant acquired intangible asset amortization expense that is excluded. This intangible asset was created by the merger of Stratasys, Inc. and Objet Ltd.

\$462 million of intangible assets will be amortized over approximately 10 years on average, and will have a significant impact on our GAAP results during that period.

In addition to the amortization of intangible assets, other costs excluded from our non-GAAP presentations include the significant costs associated with share-based compensation expense; the expenses related to completing our merger; and the expenses associated with Objet's efforts to go public in 2012.

Our focus on today's call will be on the pro forma non-GAAP financial results of the combined company — Stratasys Ltd. However, these non-GAAP financial measures should be used in combination with our GAAP metrics to evaluate our performance. Note that when we refer to GAAP metrics, we are referring to pro forma GAAP numbers prepared in accordance with Article 11 of SEC Article SX, which numbers give effect to the merger as though it had occurred on January 1, 2011 of the relevant year with one-time merger related costs excluded from the report.

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The non-GAAP to GAAP reconciliations are provided in a table within our slide presentation and press release.

**SLIDE#8: FINANCIALS — ANNUAL OVERVIEW**

The merger between Stratasys, Inc. and Objet Ltd. was completed on December 1, 2012, creating an industry leader within the additive manufacturing and 3D printing industry.

The two companies that merged to create Stratasys Ltd. have a history of strong growth, with a financial model driven by selling a broad portfolio of systems, consumables and services.

In 2012, the company generated \$359 million in pro forma combined revenue, an impressive organic increase of 30% over the \$277 million in pro forma combined revenue for fiscal 2011.

Pro forma non-GAAP gross margin improved by approximately 158 basis points in fiscal 2012 to 58.0%, driven by strong sales of our higher-margin products.

And finally, pro forma non-GAAP net profit for 2012 grew by an impressive 60% over 2011, to \$59.6 million, or \$1.49 per share.

We would also like to highlight the strong \$28.6 million in system backlog we carry into fiscal 2013.

**SLIDE#9: REVENUE DETAILS — ANNUAL**

Pro forma product revenue increased by 31% in 2012 over the prior year, driven by the strong growth of the company's systems and consumables revenue.

System revenue increased by 33% in 2012, driven by demand for the company's higher-priced Fortus 3D production systems and broad portfolio of Polyjet 3D printers.

Within Fortus, DDM applications and the introduction of the Fortus 250mc were the primary contributors to growth.

Within Polyjet, the growth was broad-based, as the channel continues to grow and mature.

Consumable revenue was consistently strong throughout 2012, increasing by 26% for the year, driven by an acceleration in customer usage, as well as the company's growing installed base of systems.

Our higher-end FDM and PolyJet system sales were a principal driver of consumable sales growth in 2012 given the products line's relatively higher consumable utilization rates.

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Pro forma service revenue increased by 21% in 2012 over the prior year, driven by a 19% increase in maintenance revenue, and a 24% increase in revenue within our RedEye paid parts service.

Maintenance revenue benefited from our growing installed base of systems, while RedEye benefited from strong demand for large and complex production parts.

**SLIDE#10: SYSTEM SALES — ANNUAL**

Pro forma unit sales increased by 29% in fiscal 2012 over the prior year, driven by sales of the company's Fortus systems, Polyjet 3D printers, and Idea Series uPrint and Mojo 3D printers.

Stratasys has now sold 29,816 systems worldwide on a consolidated basis.

**SLIDE#11: GROSS PROFIT — ANNUAL**

Pro forma non-GAAP gross margin improved to 58.0% in fiscal 2012 over the 56.5% for the same period last year.

Pro forma non-GAAP product gross margin benefited during 2012 from the relatively strong growth in sales of the company's higher-margin systems and consumables.

Product gross margin also benefitted from the better overhead coverage provided by an increase in sales volume compared to prior year periods, as well as a build-up of finished goods inventory to stock third-party distribution centers in Asia and Europe.

The stocking of third-party distribution centers, which remain as inventory on our balance sheet, was done in anticipation of completing the merger and initiating a combined order fulfillment process that is locally focused.

Pro forma non-GAAP service gross margin was lower in 2012 due to higher new product introduction service-related costs. We proactively initiated field-related upgrades to certain systems to improve customer satisfaction.

#### **SLIDE#12: OPERATING PROFIT - ANNUAL**

Pro forma non-GAAP research and development expenses increased by 15% for fiscal 2012 over last year, driven by new systems and material development initiatives.

Pro forma non-GAAP SG&A expenses increased by 32% for fiscal 2012. The increase was driven by changes in our product distribution strategy involving independent sales agents, which resulted in increased sales commissions paid to those agents.

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SG&A expenses were also impacted by significant expenses surrounding our new Mojo 3D printer launch, and increased expenses for strategic initiatives to increase our market awareness.

Pro forma non-GAAP operating income increased by 46% for fiscal 2012, driven by strong sales as discussed previously.

#### **SLIDE#13: FINANCIALS — QUARTERLY**

Our fourth quarter pro forma non-GAAP results were also impressive, especially when you consider the significant amount of resources committed during the period to complete our game-changing merger, and initiate an integration plan for our worldwide sales and marketing organization.

The company generated \$96.4 million in pro forma combined revenue in the fourth quarter, an organic increase of 23% over the same period last year.

Pro forma non-GAAP net profit increased by 40% over the prior year to \$16.3 million, or \$0.40 per share.

#### **SLIDE#14: REVENUE DETAILS — QUARTERLY**

Pro forma product revenue increased by 23% for the fourth quarter over the prior year, and similar to the fiscal year results, was driven by the strong growth of the company's systems and consumables revenue.

System revenue increased by 25%, and consumable revenue increased by 17% for the fourth quarter.

Pro forma service revenue increased by 25% in fourth quarter over the prior year, driven by a 22% increase in maintenance revenue, and a 33% increase in revenue within our RedEye paid parts service.

Similar to the fiscal year, maintenance revenue benefitted from our growing installed base of systems, while RedEye benefitted from strong demand for large and complex production parts.

#### **SLIDE#15: SYSTEM SALES — QUARTERLY**

Pro forma unit sales increased by 17% in the fourth quarter over the prior year, driven by sales of the company's Fortus, Polyjet and Mojo systems.

#### **SLIDE#16: GROSS PROFIT — QUARTERLY**

Pro forma non-GAAP gross margin improved to 57.8% in fourth quarter over the 56.9% for the same period last year.

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Pro forma non-GAAP product gross margin benefitted during the quarter from the relatively strong growth in sales of the company's higher-margin systems and consumables.

Pro forma non-GAAP service gross margin was lower in the fourth quarter due to the factors we discussed earlier.

#### **SLIDE#17: OPERATING PROFIT - QUARTERLY**

Pro forma non-GAAP research and development expenses increased by 25% for the fourth quarter over last year, driven by the new product initiatives discussed earlier.

Pro forma non-GAAP SG&A expenses increased by 29% for the fourth quarter over last year, driven by the higher sales commissions and market development initiatives.

Pro forma non-GAAP operating income increased by 19% for the fourth quarter over last year, driven by the strong growth in sales.

#### **SLIDE#18: GROWTH DRIVERS**

Slide #18 provides you an overview of the major growth drivers we have discussed for both periods.

#### **SLIDE#19: GEOGRAPHIC MIX**

The following slide provides you a breakdown of our geographic sales.

Sales growth in the North America and Asia Pacific regions continue to outpace the EMEA region.

#### **SLIDE#20, #21, & #22: NON-GAAP RECONCILIATION**

I won't be reviewing the specific items in Slide #20, #21, and #22, which provide you reconciliations to GAAP for the non-GAAP measures we have discussed throughout

our presentation today.

This information is provided for your reference.

**SLIDE#23: BALANCE SHEET & CASH FLOW**

We increased our pro forma combined cash, cash equivalents, and investments balance by approximately \$28 million in 2012 over the prior year, and finished the year with approximately \$156 million.

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Inventory balances were \$68.0 million at the end of fiscal 2012, which is up significantly from the \$48.8 million at the end of 2011.

Inventory is higher in large part from our planned strategy to transition our order fulfillment processes for the Stratasys, Inc. product line to include two additional distribution centers, one located in Asia and one in Europe.

Inventory is also higher in anticipation of future growth in sales.

Accounts receivable was \$64.7 million at the end of fiscal 2012, and days sales outstanding, or DSO, was 62 days.

**SLIDE#24: GUIDANCE**

Revenue guidance of \$430 million to \$445 million for 2013 indicates growth of 20% to 24% over the \$359.0 million in pro forma revenue reported for fiscal 2012.

Market activity for the company's products has increased substantially in recent months, driven in part by the significant attention that 3D printing has received from the trade and mainstream media. We expect this favorable environment will continue in 2013.

Revenue growth is expected to be relatively stronger in the second half of the year as we progress through our integration plan and revenue synergies from selling the combined product portfolio begin to ramp. Guidance assumes that the merger integration plan will be a major focus in 2013, and that the company will make significant investments to fund growth, including incremental sales, marketing and R&D expenses.

Non-GAAP earnings per share guidance of \$1.80 to \$1.95 per share represents growth of 21% to 31% over the \$1.49 in pro forma non-GAAP earnings per share reported for fiscal 2012. Our guidance assume relatively stable gross margins relative to the levels observed in the pro forma non-GAAP fiscal 2012 results, as well as the partial realization of some merger-related synergies — the most significant cost synergy in 2013 coming from income tax expense.

As the result of the merger, we began to realize some tax synergies in the fourth quarter, and we expect to generate additional synergies in the coming months, that will lower our effective tax rate compared to rate for 2012.

Our guidance also incorporates significantly higher investments to fund growth, which includes incremental sales, marketing and R&D expenses.

Non-GAAP earnings guidance excludes the estimated impact of some additional merger-related expenses; the impact of share-based compensation expense; and the significant expense associated with the amortization of acquired intangibles.

The reconciliation to GAAP is provided in the slide presentation and our press release.

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**SLIDE#25: GUIDANCE — TARGET MODEL**

Our longer-term operating model target includes:

- Annual revenue growth of at least 20 percent;
- Non-GAAP operating income as a percent of sales of between 20 and 25 percent;
- An effective tax rate of between 15 and 20 percent; and
- Non-GAAP net income as a percent of sales of between 16 and 21 percent.

**SLIDE#26: GUIDANCE — FINANCIAL SUMMARY & CHART**

In summary, we are very pleased with our fourth quarter and full year financial results.

We generated strong growth on a pro forma non-GAAP basis in both revenue and net income; and experienced expansion in our gross margin driven by sales of our higher margin products.

And finally, we are positioning the company for strong growth in the future through strategic investments in R&D and channel development.

Now I would like to turn the call back over to David Reis, who will provide you with a more detailed strategic overview. David.

**SLIDE#27: DAVID REIS TITLE STRATEGIC OVERVIEW**

Thank you Erez.

**SLIDE#28: MERGER UPDATE**

I would first like to provide you a quick update on where we stand on the merger between Stratasys and Objet. As you know, we completed the merger through an all-stock transaction on December 1<sup>st</sup>, bringing together two companies with complementary product lines, as well as a shared commitment to innovation and excellence. So far, everything is going according to our plan.

The new Stratasys now offers customers a broad array of innovative 3D printing and direct digital manufacturing solutions from a single destination. We can deploy this comprehensive product portfolio across a larger and more experienced sales and marketing team.

Our market reach has expanded, and we are beginning to see opportunities for cross-selling of the complementary product portfolio into the combined company's large installed base of systems.

To begin developing the cross-selling opportunity, we completed the cross-training of 18 resellers in December that began the task of selling the combined product portfolio on January 1, 2013. We are currently accelerating the cross-training of additional resellers, and expect to have the channel fully cross-trained within 18 months.

We are very excited about the long-term potential of this merger and we have initiated a detailed plan for integrating our two companies.

However, we do not underestimate the sizable task we have at hand, and the significant resources required to integrate our sales and marketing organization.

This integration plan will be a major focus throughout 2013, which we believe will ultimately create significant value through the creation of a stronger company.

The financial guidance we have provided today is driven by a balance between driving near-term growth, with the need to focus on initiatives that build long-term shareholder value creation.

#### **SLIDE#29: SHAPING THE NEXT INDUSTRIAL REVOLUTION**

Our industry has received a lot of attention lately. I think it is important for me to take a moment to review our market opportunity, and the unique developments we are observing within the industry; and combine that with a discussion of the strategies we are implementing to exploit those opportunities.

We are on the forefront of a significant change within manufacturing, as companies are utilizing our products to change the way they conceive, design and make things.

#### **SLIDE#30: CAD MARKET**

This opportunity starts with the rapid growth of 3D design and analysis tools that are becoming more functional and easier to use.

There are approximately 14 million total CAD seats and more than five million 3D CAD seats currently worldwide; and we expect those numbers to continue to grow.

However, despite this large addressable market, we estimate fewer than 50,000 professional 3D printers have been installed through the end of 2011, suggesting a significant market opportunity for us.

#### **SLIDE#31: STRATEGY OVERVIEW**

In targeting this opportunity we have a strategy of expanding within the traditional 3D CAD market, while focusing on providing our customers across multiple verticals with an expanding number of applications.

We believe we can achieve this by focusing on developing innovative new systems and materials; and by investing in new avenues of distribution to drive adoption.

As we grow and expand our installed base of systems, we will benefit from a business model that offers significant leverage potential through the sale of high margin consumables.

We believe we are in the early stages of a multi-year growth opportunity.

#### **SLIDE#32: TECHNOLOGY OVERVIEW**

We now employ three very distinct technology platforms.

1. We offer advanced FDM Technology, which is a great solution for functional prototypes and applications requiring high levels of durability.
2. We offer PolyJet Technology, which provides high resolution printing for applications that require high feature detail.
3. And we offer the Solidscape technology, which is great for sophisticated investment casting applications.

We offer customers "the best of all worlds." Whether customers need multi-material capabilities or durable materials, prototypes or finished parts, Stratasys can meet their needs with a product or service.

#### **SLIDE#33: INTRODUCTION TO PRODUCTS**

Our proprietary technologies support an impressive portfolio of highly functional and complementary 3D printing and direct digital manufacturing systems.

We can provide the right solution to customers to address their needs across the entire 3D design and manufacturing spectrum. From concept modeling to direct digital manufacturing, we expect to have a solution.

#### **SLIDE#34: PRODUCT OVERVIEW**

We serve a broad range of industries, and have products ranging from entry-level to high end systems.

Within the Idea Series, Stratasys offers several leading products, starting with the Mojo, which are used for conceptual and functional modeling. These products help give form to the designer's idea quickly, in a format that is highly accessible, affordable, and easy to use.

Within the Design Series, we offer products that help companies refine and finalize their designs before committing them to production. This includes high-performance

prototyping for functional testing, as well as systems which offer true-to-life designs for visual verification.

Within the Production Series, we offer products which produce finished parts; or produce complex wax patterns used in the investment casting process of finished parts.

We now offer solutions across the entire design and manufacturing spectrum, from conceptual modeling, to fit and form prototyping, to functional prototyping, and up to direct digital manufacturing.

Our portfolio of products will continue to expand given our focus on investing in technology and new products.

For example, we recently introduced the Objet 1000 at Euromold in November. The Objet 1000 is a wide format 3D printer that allows for the rapid printing of industrial-sized parts that are highly complex and detailed.

The new system features a build chamber that is more than 14 cubic feet in size, 10 times larger than the build volume of our next largest Polyjet system.

The system is ideal for producing big scale models in industries that make large end-products such as automotive, aerospace, household appliances, defense systems, and industrial equipment.

The new system is priced at a premium and offers the full functionality of a Connex machine — with a choice of more than 120 different materials.

The Objet 1000 is the third major system platform introduced within a six-month period for Stratasys, which includes the Solidscape 3Z and Mojo products.

#### **SLIDE#35: VALUE IN DESIGN APPLICATIONS**

The value proposition for our customers is clear.

For design applications, we help liberate creativity by allowing the designer to test multiple ideas before committing to one design. Our printers help designers get their products to market faster by shortening design cycles and accelerating lead times.

In addition, our printers help eliminate costly design errors by making sure the final product is true to the intended design.

#### **SLIDE#36: MICROSOFT SURFACE**

A great example of how our products provided value in the design process is with Microsoft and the design of their new tablet, the Surface, which was refined and finalized by evaluating several hundred prototypes made on a Stratasys 3D printers.

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#### **SLIDE#37: VALUE IN MANUFACTURING**

For manufacturing applications, we give manufacturers a more cost effective process to make usable parts, and a process that allows for greater manufacturing flexibility and mass customization.

#### **SLIDE#38: PARIS FASHION WEEK**

One of the more innovative manufacturing applications we have observed recently was on the runways of the Fashion Week in Paris.

An elaborate 3D printed skirt and cape created in collaboration with Professor Neri Oxman from MIT was displayed at the show.

The 3D printed skirt and cape were produced using Stratasys' unique Objet Connex multi-material 3D printing technology, which allows a variety of material properties to be printed in a single build. This allowed both hard and soft materials to be incorporated within the design, crucial to the movement and texture of the piece.

The prints are quite amazing, and I encourage you to review them by accessing the video provided on our Investor Relations web site.

#### **SLIDE#39: CHANNEL**

Growing our marketing and sales capabilities, as well as our combined network of resellers, will be critical to future growth.

We currently partner with approximately 260 resellers and sales agents worldwide, supported by 42 direct channel managers in more than 70 countries.

We believe we have the best channel in the industry, but we will continue to invest aggressively in channel development over the coming quarters.

We have identified three areas of focus for the development of specific channel strategies, which include the dental, education and DDM markets.

We believe those markets are significantly underdeveloped for certain additive manufacturing applications, and require unique channel strategies to fully exploit them.

#### **SLIDE#40: SUMMARY**

In summary, I would like to emphasize the tremendous strategic opportunity for our customers, our channel partners, and our employees around the world.

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The merger of Stratasys and Objet have placed the company in a leadership position within a market that is developing rapidly.

Going forward, our strategy will:

1. Identify new applications for our proprietary 3D printing technologies, while expanding beyond the traditional CAD market to various vertical markets and applications.
2. Drive further market adoption through lower capacity entry level systems.
3. Leverage our global reseller network to expand our customer base and further penetrate existing customers.
4. Maintain and extend our technology lead.
5. And grow through complementary acquisitions.

We plan to execute this strategy while maintaining a very attractive business model that has significant leverage potential as we grow our business.

Me and all of us at Stratasys are passionate believers in the value and power of 3D printing, and we are here to lead the development of this industry.

We would now like to address any questions you might have. Operator, please open up the call to questions.

**SLIDE#41: Q&A**

**Q&A TO TAKE PLACE**

**OPERATOR**

This concludes the question-and-answer session. I would like to turn the call back over to Stratasys CEO David Reis for any closing remarks. Please proceed.

**David Reis — CEO**

I want to thank everyone for joining this call. We look forward to speaking with you again next quarter. Goodbye.

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**OPERATOR**

Ladies and gentlemen, this concludes the conference call. A replay of today's conference may be accessed by webcast or by dialing the replay numbers provided in the slide presentation.

Thank you.

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March 4<sup>th</sup> 2013

# Fourth Quarter and Fiscal Year 2012 Financial Results Conference Call



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Conference  
and webcast  
details

Speakers	Live Dial-in Information	Replay Dial-in Information
<p><b>David Reis</b> • CEO</p>	<p>PRIMARY DIAL-IN: (866) 270-6057</p> <p>INTERNATIONAL DIAL-IN: (617) 213-8891</p> <p>PARTICIPANT PASSCODE: 82394547</p>	<p>PRIMARY DIAL-IN: (888) 286-8010</p> <p>INTERNATIONAL DIAL-IN: (617) 801-6888</p> <p>AVAILABLE FROM: 03/04/2013 10:30 AM ET</p> <p>AVAILABLE TO: 03/11/2013 11:59 PM ET</p> <p>PARTICIPANT PASSCODE: 14644950</p>
<p><b>Erez Simha</b> • CFO &amp; COO (IL)</p>		
<p><b>Scott Crump</b> • Chairman &amp; Chief Innovation Officer</p>		
<p><b>Shane Glenn</b> • Director, Investor Relations</p>		
<p>ONLINE LIVE WEBCAST AND REPLAY: <a href="http://www.media-server.com/m/p/aix9b7e6">http://www.media-server.com/m/p/aix9b7e6</a></p>		





## Stratasys

### Forward looking statement

Statements in this presentation about Stratasys' beliefs, intentions and expectations, including statements regarding the management of Stratasys, Inc. and Objet Ltd. as a combined company, the benefits of the proposed combination of the companies, and the future financial performance of the combined company after their merger, are forward-looking statements. The statements involve risks and uncertainties, both known and unknown, that may cause actual results to differ materially from those projected in this presentation. Actual results may differ materially due to a number of factors, including the risk and uncertainty that the businesses of the two companies may not be integrated successfully; the risk that the merger may involve unexpected costs or unexpected liabilities; the risk that synergies from the merger may not be fully realized or may take longer to realize than expected; the risk that management's focus on and disruptions arising from the merger make it more difficult to maintain relationships with customers, employees, or suppliers. Stratasys' ability to achieve the results presented in any forward-looking statement will depend on numerous factors, including its ability to penetrate the 3D printing market; its ability to achieve the growth rates experienced in preceding quarters; its ability to introduce, produce and market both existing and new consumable materials, and the market acceptance of these materials; the impact of competitive products and pricing; its timely development of new products and materials and market acceptance of those products and materials; the success of Stratasys' recent R&D initiative to expand the DDM capabilities of its core FDM technology; and the success of Stratasys' RedEyeOn Demand™ and other paid parts services. These and other applicable factors are discussed in this presentation and in Stratasys' filings with the Securities and Exchange Commission. These filings include the definitive proxy statement/prospectus filed with the SEC on August 8, 2012, as well as the filings that Stratasys, Inc. has made with the SEC and that Stratasys Ltd. has made and will make with the SEC in the future, including its report on Form 20-F to be filed for the year ended 12/31/2012. Any forward-looking statements included in this presentation are as of the date they are given, and Stratasys does not intend to update them if its views later change, except as may be required by law. These forward-looking statements should not be relied upon as representing Stratasys' views as of any date subsequent to the date they are given.



March 4<sup>th</sup> 2013

## Opening Remarks

Scott Crump,  
Chairman &  
Chief Innovation  
Officer



## Opening Remarks

David Reis,  
CEO



### Q4 & FY12 Conference Call Highlights

Released strong Q4 and fiscal year 2012 results.

Closed merger and initiated sales and marketing integration plan.

Introduced new product and channel initiatives.

Expanding applications and driving adoption.

Strong long-term outlook.

## Discussion of Fourth Quarter Financials

Erez Simha,  
CFO & COO (IL)



### Financial Results

Stratasys Ltd.  
Proforma  
Combined

Non-GAAP  
Except  
Revenue

(\$ in millions  
unless noted  
otherwise)

	FY-11	FY-12	% Change YOY
Unit Sales	3,531	4,551	+29%
Total Revenue	277.0	359.1	+30%
Revenue/ Employee	0.289	0.319	+7%
Gross Profit % margin	56.4 56.5%	208.4 58.0%	+33.3%
Operating Expenses % of sales	105.6 38.1%	134.2 37.4%	+27.1%
Operating Profit % margin	50.8 18.3%	74.2 20.7%	+46%
Pre-tax Profit % margin	50.1 18.1%	78.3 21.2%	+52%
Tax Rate	25.8%	21.8%	
EBITDA	60.7	88.1	+45%
Net Income % margin	37.2 13.4%	59.6 16.6%	+60%
EPS (Diluted)	\$0.94	\$1.49	+59.1%
Diluted Shares	39.8 M	39.8 M	

### Annual Highlights:

- Revenue growth of 30% YOY
- Unit sales growth of 29% YOY
- Non-GAAP GM expansion to 58.0% from 56.5%
- Non-GAAP net income growth of 60% YOY
- Non-GAAP EPS of \$1.49 versus \$0.94
- Backlog of \$28.6 million

Financial Results

Stratasys Ltd. Proforma Combined

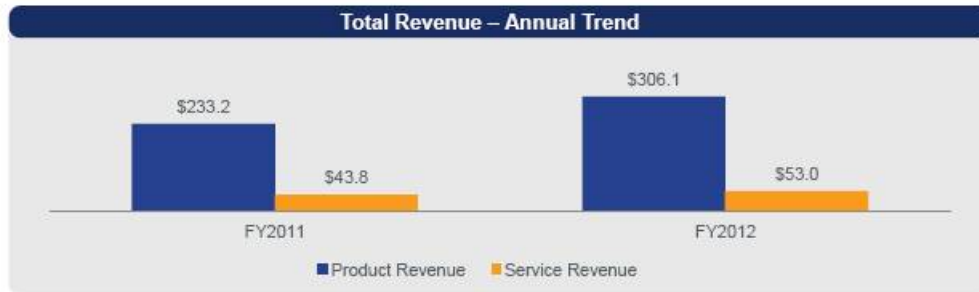
Revenue

(\$ in millions)



Annual Highlights:

- System revenue +33% YOY
- Consumable revenue +26% YOY
- Maintenance revenue +19% YOY
- RedEye revenue +24% YOY
- Drivers: Fortus and Polyjet systems, DDM applications, RedEye



Financial Results

Stratasys Ltd. Proforma Combined

System Unit Sales<sup>1</sup>



Annual Highlights:

- Fortus, Polyjet and uPrint growth
- Mojo introduction
- 29,816 cumulative systems sold!



(1) Includes all systems sold by Stratasys, Inc., Objet Ltd., and Solidscape Inc.

Financial Results

Gross Profit

Stratasys Ltd.  
Proforma  
Combined

Non-GAAP  
Except  
Revenue

(\$ in millions unless noted otherwise)	FY-11	FY-12	% Change YOY
Product Revenue	233.2	306.0	+31.2%
% of sales	84%	85%	
Service Revenue	43.8	53.0	+21%
% of sales	16%	15%	
Product Gross Profit	137.5	190.2	+38%
% margin	59.0%	62.1%	
Service Gross Profit	18.9	18.2	-4%
% margin	43.1%	34.3%	
Total Gross Profit	156.4	208.4	+33%
% margin	56.5%	58.0%	

Annual Highlights:

- High-margin system and consumable sales
- Better overhead coverage
- Inventory build for distribution centers
- RedEye sales mix and fixed costs expansion



Financial Results

Operating Profit

Stratasys Ltd.  
Proforma  
Combined

Non-GAAP

(\$ in millions unless noted otherwise)	FY-11	FY-12	% Change YOY
R&D Expense	28.9	33.3	+15%
% of sales	10.4%	9.3%	
SG&A Expense	76.6	100.9	+32%
% of sales	27.7%	28.1%	
Total Operating Exp.	105.6	134.2	+27%
% of sales	38.1%	37.4%	
Total Operating Profit	50.8	74.2	+48%
% margin	18.3%	20.7%	

Annual Highlights:

- Leverage from strong system, consumables and service sales
- Investing for future growth





## Financial Results

Stratasys Ltd.  
Proforma  
CombinedNon-GAAP  
Except  
Revenue(\$ in millions  
unless noted  
otherwise)

	Q4-11	Q4-12	Change YOY
Unit Sales	967	1,136	+17%
Total Revenue	\$78.3	\$96.4	+23%
Revenue/ Employee	0.085	0.086	+1.3%
Gross Profit % margin	44.8 56.9%	55.7 57.8%	+25%
Operating Expenses % of sales	29.1 37.2%	37.4 38.8%	+28%
Operating Profit % margin	15.5 19.7%	18.4 19.1%	+19%
Pre-tax Profit % margin	15.4 19.8%	19.8 20.5%	+29%
Tax Rate	24.1%	17.0%	
EBITDA	18.7	22.7	+38%
Net Income % margin	11.7 14.9%	16.3 16.9%	+41%
EPS (Diluted)	\$0.30	\$0.40	+33%
Diluted Shares	39.5 M	40.3 M	

## Quarter Highlights:

- Revenue growth of 23% YOY
- Non-GAAP GM expansion to 57.8% from 55.9%
- Non-GAAP net income growth of 41% YOY
- Non-GAAP EPS of \$0.40 versus \$0.30



## Financial Results

Stratasys Ltd.  
Proforma  
Combined

## Revenue

(\$ in millions)



## Quarter Highlights:

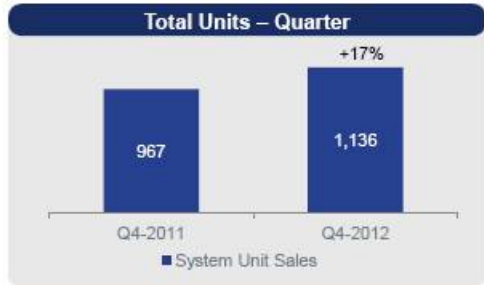
- System revenue +25% YOY
- Consumable revenue +17% YOY
- Maintenance revenue +22% YOY
- RedEye revenue +33% YOY
- Drivers: Fortus and Polyjet systems, DDM applications, RedEye



Financial Results

Stratasys Ltd. Proforma Combined

System Unit Sales<sup>1</sup>



Quarter Highlights:

- Fortus
- Polyjet
- Mojo



(1) Includes all systems sold by Stratasys, Inc., Objet Ltd., and Solidscape Inc.



Financial Results

Gross Profit

Stratasys Ltd. Proforma Combined

Non-GAAP Except Revenue

(\$ in millions unless noted otherwise)	Q4-11	Q4-12	% Change YOY
Product Revenue	\$66.5	\$81.7	+22.8%
% of sales	85%	84.7%	
Service Revenue	11.8	14.7	+24.9%
% of sales	15%	15.3%	
Product Gross Profit % margin	39	50.9	+30.5%
	58.6%	62.4%	
Service Gross Profit % margin	6	4.8	-14%
	47.2%	32.5%	
Total Gross Profit % margin	44.6	55.7	+25.1%
	58.9%	57.8%	

Quarter Highlights:

- High-margin system and consumable sales
- Better overhead coverage
- RedEye sales mix and fixed costs expansion



## Financial Results

### Operating Profit

Stratasys Ltd.  
Proforma  
Combined

### Non-GAAP

(\$ in millions unless noted otherwise)	Q4-11	Q4-12	% Change YOY
R&D Expense % of sales	7.4 9.4%	9.2 9.6%	+25.2%
SG&A Expense % of sales	21.8 27.8%	28.1 29.2%	+29.3%
Total Operating Exp. % of sales	29.1 37.2%	37.4 38.8%	+28.3%
Total Operating Profit % margin	15.4 19.7%	18.4 19.1%	+19.0%

### Quarter Highlights:

- Strong system, consumables and service sales
- Investing for future growth



## Financial Results

Stratasys Ltd.  
Proforma  
Combined

### Growth Drivers

	Q4-2012 (YOY)		FY2012 (YOY)	
	Units	Dollars	Units	Dollars
Systems	+17%	+25%	+29%	+33%
Consumable Revenue	--	+17%	--	+26%
Maintenance Revenue	--	+22%	--	+19%
RedEye Parts Services	--	+33%	--	+24%

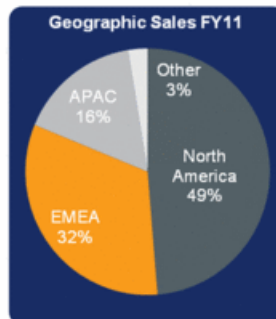
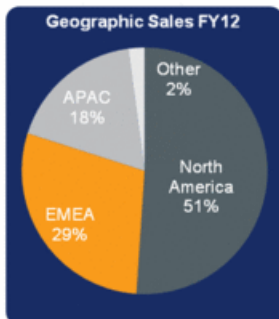




## Financial Results

Stratasys Ltd.  
Proforma  
Combined

Revenue  
Geographic Mix



## Reconciliation of Pro Forma GAAP to Pro Forma Non-GAAP Results of Operations

Stratasys Ltd.  
Combined

(\$ in thousands  
except per share data)

	Q4-11 Pro Forma GAAP	Adjustments	Q4-11 Pro Forma Non-GAAP	Q4-12 Pro Forma GAAP	Adjustments	Q4-12 Pro Forma Non-GAAP
<b>Revenue</b>	\$ 78,290	\$ -	\$ 78,290	\$ 96,362	\$ -	\$ 96,362
<b>Cost of sales</b>						
Products	38,039	(10,519)	27,520	41,641	(10,936)	30,705
Services	6,656	(438)	6,218	10,329	(397)	9,932
<b>Gross profit</b>	33,595	10,957	44,552	44,392	11,333	55,725
<b>Operating expenses</b>						
Research and development, net	8,241	(879)	7,362	10,210	(989)	9,222
Selling, general and administrative	29,166	(7,399)	21,767	38,200	(10,059)	28,141
<b>Operating income (loss)</b>	(3,812)	19,235	15,423	(4,018)	22,380	18,362
Other income (expense)	(77)	-	(77)	1,408	-	1,408
<b>Income (loss) before income taxes</b>	(3,889)	19,235	15,346	(2,610)	22,380	19,770
Income taxes	2,408	1,285	3,693	747	2,606	3,353
<b>Net income (loss)</b>	(6,297)	17,950	11,653	(3,357)	19,774	16,417
Net income attributable to non-controlling interest	-	-	-	158	-	158
<b>Net income (loss) attributable to Stratasys Ltd.</b>	\$ (6,297)	\$ 17,950	\$ 11,653	\$ (3,515)	\$ 19,774	\$ 16,259
<b>EPS (Diluted)</b>	\$ (0.17)	\$ -	\$ 0.30	\$ (0.09)	\$ -	\$ 0.40
Diluted Shares	36,652		39,480	37,557		40,327



## Reconciliation of Pro Forma GAAP to Pro Forma Non-GAAP Results of Operations

### Stratasys Ltd. Combined

(\$ in thousands except per share data)

	FY-11 Pro Forma GAAP	Adjustments	FY-11 Pro Forma Non-GAAP	FY-12 Pro Forma GAAP	Adjustments	FY-12 Pro Forma Non-GAAP
<b>Revenue</b>	\$ 276,990	\$ -	276,990	\$ 359,054	\$ -	\$ 359,054
<b>Cost of sales</b>						
Products	137,556	(41,826)	95,730	158,828	(42,984)	115,844
Services	26,395	(1,504)	24,891	36,303	(1,475)	34,828
<b>Gross profit</b>	113,039	43,330	156,369	163,923	44,439	208,362
<b>Operating expenses</b>						
Research and development, net	31,934	(3,005)	28,929	36,923	(3,597)	33,326
Selling, general and administrative	104,928	(28,287)	76,641	141,232	(40,354)	100,878
<b>Operating income (loss)</b>	(23,823)	74,822	50,799	(14,232)	88,390	74,158
Other income (expense)	1,118	(1,831)	(713)	2,124	-	2,124
<b>Income (loss) before income taxes</b>	(22,705)	72,791	50,086	(12,108)	88,390	76,282
Income taxes	8,148	4,768	12,916	9,407	7,225	16,632
<b>Net income (loss)</b>	(30,853)	68,023	37,170	(21,515)	81,165	59,650
Net income attributable to non-controlling interest	-	-	-	62	-	62
<b>Net income (loss) attributable to Stratasys Ltd.</b>	\$ (30,853)	\$ 68,023	\$ 37,170	\$ (21,577)	\$ 81,165	\$ 59,588
<b>EPS (Diluted)</b>	\$ (0.84)		\$ 0.94	\$ (0.59)		\$ 1.49
Diluted Shares	36,577		39,656	36,987		39,970



## Reconciliation of Non-GAAP Adjustments

### Stratasys Ltd. Combined

	Q4-11	Q4-12	FY-11	FY-12
<b>Cost of sales, products</b>				
Objet intangible assets amortization expense	\$ (9,824)	\$ (9,824)	\$ (39,294)	\$ (39,294)
Solidscap intangible assets amortization expense	(438)	(438)	(1,163)	(1,744)
Non-cash stock-based compensation expense	(259)	(360)	(808)	(1,190)
Merger related expense	-	(194)	-	(265)
Expense related to the revaluation of Solidscap, Inc. and Fasotech Co. LTD inventory at acquisition	-	(121)	(561)	(471)
	(10,519)	(10,935)	(41,826)	(42,984)
<b>Cost of sales, services</b>				
Non-cash stock-based compensation expense	(438)	(397)	(1,504)	(1,475)
<b>Research and development, net</b>				
Non-cash stock-based compensation expense	(878)	(868)	(3,005)	(3,597)
<b>Selling, general and administrative</b>				
Objet intangible assets amortization expense	(2,242)	(2,242)	(8,967)	(8,967)
Solidscap intangible assets amortization expense	(133)	(133)	(356)	(533)
Non-cash stock-based compensation expense	(5,024)	(5,187)	(18,349)	(21,592)
Solidscap acquisition expense	-	-	(615)	-
Merger related expense	-	(2,497)	-	(9,262)
	(7,399)	(10,059)	(28,287)	(40,354)
<b>Other income</b>				
Sale of an equity investment	-	-	(628)	-
Sale of an auction rate security	-	-	(1,205)	-
	-	-	(1,831)	-
<b>Income taxes</b>				
Tax expense related to non-GAAP adjustments	1,285	2,806	4,768	7,225
<b>Net income</b>	\$ 17,950	\$ 19,773	\$ 68,023	\$ 81,165



## Financial Results

### Balance Sheet Summary

### Stratasys Ltd. Proforma Combined

(\$ in millions unless noted otherwise)

Selected balance sheet items (\$mm)	FY-11	FY-12
Cash, Cash Equivalents & Inv.	\$127.7	\$155.5
LT Liabilities	1.0	2.9
Accounts Receivable	41.2	64.7
Inventories	48.8	68.0
Net Working Capital	140.3	228.9

### Highlights

- \$155.5 M in cash & investments
- Q4 DSO = 61.7



## Financial Guidance

### Revenue and Earnings Guidance

### Stratasys Ltd.

### Fiscal 2013 Financial Guidance

Revenue (M)

**\$430 - 445**

Non-GAAP EPS

**\$1.80 - \$1.95**

Reconciliation of GAAP to Non-GAAP Guidance

(\$ in millions unless noted otherwise)

Revenue	\$430 to \$445
Non-GAAP Net Income	\$
(1) Stock-Based Compensation Exp.	\$20.5 - \$23.0
(2) Amortization of Intangibles	\$60.5
(3) Merger-Related Expenses	\$7.2 - \$8.8
GAAP Net Income	(\$16.0) - (\$6.3)
GAAP EPS	(\$0.41) - (\$0.16)
Non-GAAP EPS	\$1.80 - \$1.95



Financial Guidance

Long-Term Target Operating Model

Stratasys Ltd.

Revenue growth

**+20%**

Operating margin<sup>1</sup>

**20% – 25%**  
of sales

Effective tax rate<sup>1</sup>

**15% – 20%**

Net income margin<sup>1</sup>

**16% - 21%**  
of sales



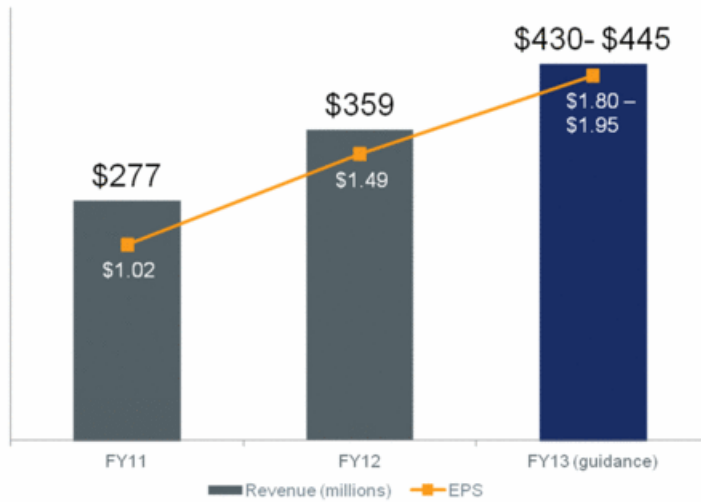
<sup>1</sup> Non-GAAP.

Financial Results & Projections

Stratasys Ltd. Proforma Combined

Non-GAAP Except Revenue

(\$ in millions unless noted otherwise)



# Stratasys Strategic Overview

David Reis, CEO



## Stratasys

### Merger Update



- Transaction closed on December 1st
- Cross-trained 18 resellers
- Integrated sales and marketing operations
- Began cross-selling January 1
- Initiating broader integration plan

We transform the way **individuals, teams and organizations** work

**Stratasys**

Shaping the next industrial revolution



We help **designers** change their ideas

We help **manufacturers** refine their designs

We help **organizations** evolve the way they make things

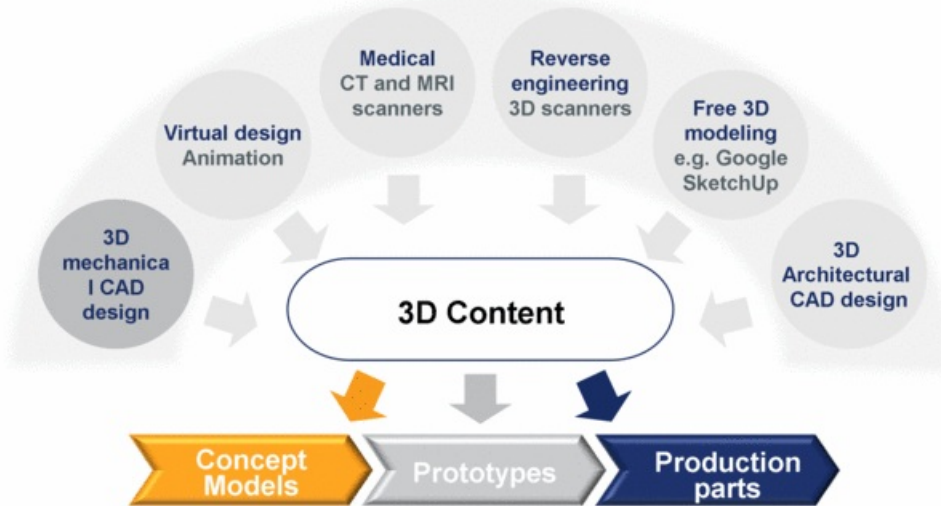


Millions of 2D & 3D CAD seats worldwide

**Industry**

Professional Market Opportunity

Underpenetrated market with less than 50,000 Commercial 3D Printing Systems sold<sup>1</sup>



<sup>1</sup>49,035 total systems installed industry wide at the end of 2011. Sources: Wohlers Report 2012 and John Peddle CAD Report



**Stratasys**  
**Transforming Design & Manufacturing**

**MARKET OPPORTUNITY**

- Underpenetrated market
- Expanding use of 3D content
- Change in the status quo

**FOCUSED STRATEGY**

- Solution driven
- Technology focused
- Expand applications & drive adoption



**LEVERAGEABLE MODEL**

- Scalable technology
- Indirect channel strategy
- High-margin recurring consumable and service revenue

**ATTRACTIVE OUTLOOK**

- Early stages of growth
- Multi-year secular growth opportunity
- 20%+ top line with bottom-line leverage



**Stratasys**  
**Three distinct technologies**

**Complementary platforms**

<p><b>FDM</b></p> 	<ul style="list-style-type: none"> <li>- Thermoplastic output</li> <li>- Durable</li> <li>- Office friendly</li> </ul>			
<p><b>Inkjet based</b></p> 	<ul style="list-style-type: none"> <li>- Resin output</li> <li>- High feature and surface finish</li> <li>- Multi-material capabilities</li> <li>- Scalable</li> </ul>			
<p><b>SolidScape</b></p> 	<ul style="list-style-type: none"> <li>- Wax output</li> <li>- High precision and detail</li> <li>- Castable</li> </ul>			



Stratasys

Complementary product portfolio

Three individual suites of products.


Spanning the spectrum of professional 3D printing.

<h1>1</h1> <p>Idea series</p>	<h1>2</h1> <p>Design series</p>	<h1>3</h1> <p>Production series</p>
		
<p>It's not just a 3D printer. It's an idea engine.</p>	<p>The power of prototyping. Maximised.</p>	<p>Production. Without the line.</p>



Stratasys

Product for every stage

<b>Idea Series</b>	(\$10,000 – \$20,000)	<i>Concept models</i>
<ul style="list-style-type: none"> <li>- Concept models</li> <li>- Give form to the idea quickly</li> <li>- Office friendly</li> </ul>	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid orange; padding: 5px; text-align: center;"> <p>uPrint</p>  </div> <div style="border: 1px solid orange; padding: 5px; text-align: center;"> <p>Mojo <span style="color: orange; font-weight: bold;">NEW</span></p>  </div> </div>	
<b>Design Series</b>	(\$25,000 – \$600,000)	<i>Prototypes</i>
<ul style="list-style-type: none"> <li>- Prototypes</li> <li>- Visual &amp; functional verification</li> <li>- Versatile</li> </ul>	<div style="display: flex; justify-content: space-between; font-size: small;"> <span>Desktop</span> <span>Dimension</span> <span>Fortus 250mc</span> <span>Eden Family</span> <span>Connex Family</span> <span>Objet 1000 <span style="color: white; font-weight: bold;">NEW</span></span> </div> <div style="display: flex; justify-content: space-around; align-items: center;">       </div>	
<b>Production Series</b>	(\$30,000 – \$380,000)	<i>Manufacturing</i>
<ul style="list-style-type: none"> <li>- Finished parts</li> <li>- Production applications</li> <li>- Materials, speed, &amp; accuracy</li> </ul>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid white; padding: 5px; text-align: center;"> <p>Fortus 360mc</p>  </div> <div style="border: 1px solid white; padding: 5px; text-align: center;"> <p>Fortus 400mc</p>  </div> <div style="border: 1px solid white; padding: 5px; text-align: center;"> <p>Fortus 900mc</p>  </div> <div style="border: 1px solid white; padding: 5px; text-align: center;"> <p>3Z Pro® <span style="color: white; font-weight: bold;">NEW</span></p>  </div> </div>	

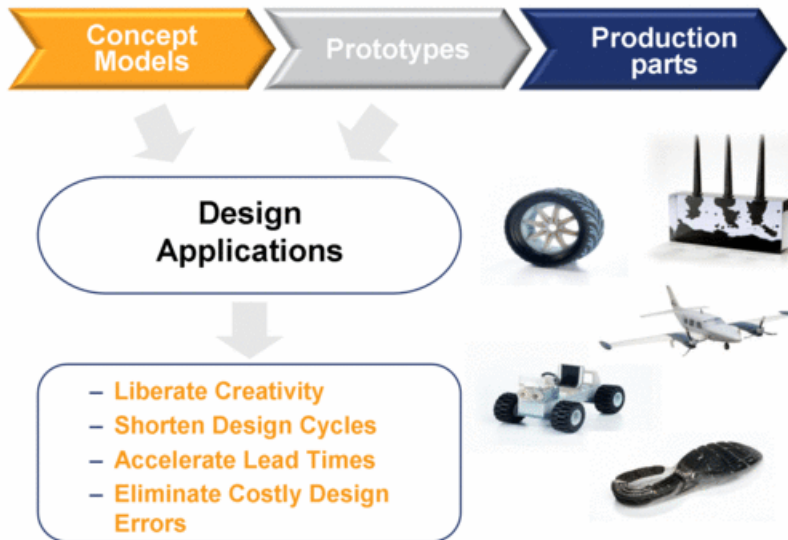




Stratasys

Professional  
Market  
Opportunity

Value in Design



Stratasys

Professional  
Market  
Opportunity

Value in Design

Microsoft



Stratasys

Professional  
Market  
Opportunity

Value in  
manufacturing



**Manufacturing Applications**

- Usable parts
- Reduce manufacturing cost
- Improve manufacturing flexibility
- Enable mass customization

Stratasys

Professional  
Market  
Opportunity

Value in  
manufacturing

Paris Fashion  
Week



## Stratasys

### Indirect channel strategy



## Summary

Identifying new applications for our proprietary 3D printing technologies and expand into new vertical markets and applications.

Driving further market adoption through lower capacity entry level systems.

Introduced new product and channel initiatives.

Leveraging global reseller network to expand customer base and further penetrate existing customers.

Maintaining and extending our technology lead and growing through strategic acquisitions.



Stratasys

Q&A



We are passionate believers in the value and power of 3D printing,  
and in the change it can bring to the world.

And we're here to lead it.

