
**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 May 2014.

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 May 9, 2014, Stratasys Ltd. (“we,” “us” or the “Company”) announced our financial results for the first quarter of 2014. 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 May 9, 2014, 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: May 9, 2014

By: /s/ Erez Simha
Name: Erez Simha
Title: Chief Financial Officer

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EXHIBIT INDEX

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

Exhibit	Description
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- 99.1 Press release dated May 9, 2014.
- 99.2 Script for the Company's conference call held on May 9, 2014.
- 99.3 PowerPoint presentation with additional information.

**PRESS RELEASE**

FOR: STRATASYS LTD.

CONTACT: Shane Glenn, VP Investor Relations
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STRATASYS REPORTS FIRST QUARTER FINANCIAL RESULTS

Company generates 54% total non-GAAP revenue growth and 33% organic non-GAAP revenue growth in the first quarter over the first quarter of last year

Non-GAAP gross margin expands to 61% for the first quarter driven by sales of higher-margin products and services

MakerBot contributes \$20.6 million in non-GAAP revenue during the first quarter

MINNEAPOLIS, MN & REHOVOT, ISRAEL, May 9, 2014 — Stratasys Ltd. (NASDAQ: SSYS) today announced first quarter financial results.

Total non-GAAP revenue grew by 54% in the first quarter, and 33% when excluding the revenue contribution from MakerBot products and services, over the same period last year. System and consumables revenue grew by 40% and 29%, respectively, when excluding the contribution from MakerBot products. MakerBot branded products and services contributed \$20.6 million to first quarter revenue, a 79% increase over the revenue that MakerBot generated as an independent company during the first quarter of 2013.

Sales of the company's higher-margin products and services drove a significant increase in non-GAAP gross margin for the first quarter, which expanded to a record 60.9% compared to 59.0% for the same period last year.

Operating margin expansion during 2014 within the company's core business is expected to be offset by aggressive investments in new market and product development for MakerBot products.

Q1-2014 Financial Results Summary:

- GAAP revenue for the first quarter of 2014 was \$150.9 million. Non-GAAP revenue of \$151.2 million for the first quarter of 2014 represents a 54% increase over the \$98.2 million non-GAAP revenue for the same period last year.
- GAAP net income for the first quarter was \$4.1 million, or \$0.08 per diluted share, compared to a loss of \$15.5 million, or (\$0.40) per basic share, for the same period last year.
- First quarter per share calculations relative to last year were impacted by the issuance of approximately 5.2 million new ordinary shares in the September 2013 public offering which raised a net amount of approximately \$463 million; and the approximately 3.9 million new ordinary shares issued in consideration for the acquisition of MakerBot in August of 2013.
- Non-GAAP net income was \$20.6 million for the first quarter, or \$0.40 per diluted share, compared to non-GAAP net income of \$17.6 million, or \$0.43 per diluted share, reported for the same period last year.
- Non-GAAP gross margins improved to 60.9% for the first quarter compared to non-GAAP gross margins of 59.0% in the same period last year; GAAP gross margins improved to 51.5% for the first quarter compared to gross margins of 38.4% in the same period last year.
- Operating expenses expanded materially in the first quarter over last year driven by significant investments in sales and marketing programs to support new MakerBot product introductions, as well as from increased R&D investments to fund technology innovation and new product development.
- The company invested a net amount of \$15.3 million in R&D projects (non-GAAP basis) during the first quarter, representing 10% of non-GAAP net sales; R&D expense was \$16.8 million on a GAAP basis.
- The non-GAAP effective tax rate declined to 3.8% for the first quarter compared to the non-GAAP effective tax rate of 15.1% in the same period last year. The GAAP effective tax rate was 915.8% for the first quarter compared to 4.6% in the same period last year as a result of business combination tax accounting.
- The company generated \$4.9 million in cash from operations during the first quarter, and currently holds \$607.5 million in cash and cash equivalents, and short term bank deposits, amounting to \$12.3 per share.
- Non GAAP EBITDA for the first quarter amounted to \$26.0 million.
- The company sold 8,802 3D printing and additive manufacturing systems during the quarter, and on a combined pro forma basis, a cumulative 84,620 systems worldwide as of March 31, 2014.

"The rapid adoption of our higher-margin products and services remained impressive during the first quarter, which helped drive strong organic revenue growth of 33% during the period and contributed to a significant increase in our gross margin over last year," said David Reis, chief executive officer of Stratasys. "In addition, MakerBot products revenue remained strong, and we continued to invest aggressively in sales, marketing and product development initiatives that we believe will drive incremental growth over the coming periods. We are very pleased with our first quarter results and we remain on track to meet our financial projections for the year."

Business Highlights:

- Announced agreements to acquire Solid Concepts and Harvest Technologies, which are intended to create a leading strategic platform to meet customers' additive manufacturing needs through an expanded technology and business offering.
- Recognized strong order flow for the new Objet500 Connex3 Color Multi-material 3D Printer, the first and only 3D printer to combine colors with multi-material 3D printing.
- Began shipping the new MakerBot Replicator 3D Printer, and announced the availability of the MakerBot Replicator Mini Compact 3D Printer and MakerBot Replicator Z18 3D Printer for preorder, with shipping expected before the end of the second quarter.
- Completed the global alignment of the company's R&D and Operations that resulted from the Stratasys-Objet merger.
- Announced and closed the acquisition of certain assets of Interfacial Solutions, designed to strengthen materials R&D and enable the vertical integration of material development and manufacturing.
- Announced Endur, an advanced simulated polypropylene material suitable for high-end prototyping applications, for use with all Objet EdenV, Objet Connex, Objet500

“We believe the platform created by our pending acquisitions of Solid Concepts and Harvest Technologies will allow us to offer a comprehensive solution for our customers, and will help drive incremental growth opportunities,” continued Reis. “In addition, we continue to position Stratasys for future growth through enhancements to our organizational structure, and through strategic investments in channel, product and technology development. We believe these investments, combined with our ongoing acquisitions strategy, will support our growth objectives and position of market leadership going forward.”

Financial Guidance:

Stratasys reiterated the following information regarding the company’s projected revenue and net income for the fiscal year ending December 31, 2014:

- Revenue guidance of \$660 million to \$680 million.
- Non-GAAP net income of \$113 million to \$119 million, or \$2.15 to \$2.25 per diluted share.
- GAAP net income of \$10.5 million to \$19.9 million, or a \$0.20 to \$0.38 per diluted share.
- The company expects organic sales, excluding MakerBot sales, to grow at least 25% over 2013, with additional growth coming from MakerBot, which is expected to grow at a higher rate.

Stratasys provided the following additional information regarding the company’s performance and strategic plans for 2014:

- Financial guidance excludes for the impact of the company’s pending acquisitions of Solid Concepts and Harvest Technologies. The transactions are expected to be completed early in the upcoming third quarter, subject to customary closing conditions, and are expected to be accretive to Stratasys’ Non-GAAP earnings per share within the first 12 months after closing.
- Operating expenses are projected to expand materially in 2014 driven by investments in sales and marketing programs to drive future market adoption, as well as by increased R&D investments to fund technology innovation and new product development.
- Incremental sales and marketing investments will focus on expanding sales channels, enhancing regional infrastructure, and building unique go-to-market programs targeting certain market verticals and customer applications.
- Compared to the first quarter, Non-GAAP operating margins are expected to ramp higher for the remainder of 2014, and are projected to remain relatively consistent for the full year when compared to the level recognized in 2013.
- Operating margin expansion in the company’s core business is expected to be offset by a full-year impact from MakerBot, which is investing aggressively in market development and new product introductions.
- Projected Non-GAAP net income is expected to be derived disproportionately from the second half of fiscal 2014, driven by the projected timing of operating expenses, as well as the projected timing and success of new product introductions and their corresponding ramp up in sales.
- Capital expenditures are projected at \$50 million to \$70 million, which includes significant investments in manufacturing capacity in anticipation and support of future growth.

Non-GAAP earnings guidance excludes \$64.8 million of projected amortization of intangible assets; \$25.1 million to \$28.2 million of share-based compensation expense; and \$8.8 million to \$9.8 million in non-recurring expenses related to acquisitions.

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.

Stratasys Ltd. Q1-2014 Conference Call Details

Stratasys will hold a conference call to discuss its first quarter financial results on Friday, May 9, 2014 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 under the “Investors” tab; or directly at the following web address: <http://www.media-server.com/m/p/zig8t74z>.

To participate by telephone, the domestic dial-in number is 866-318-8617 and the international dial-in is 617-399-5136. The access code is 87845736. 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 (including, with respect to acquisitions) 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 as well as MakerBot, Solid Concepts, and Harvest Technologies after their acquisitions and to successfully put in place and execute an effective post-merger integration plans; 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 on Form 20-F for the year ended December 31, 2013 filed with the U.S. Securities and Exchange Commission and in other reports that the company has filed with the SEC. 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 of America (GAAP). In addition, certain non-GAAP financial measures have been provided excluding 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 included 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 merger-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

Stratasys Ltd. (Nasdaq: SSYS), headquartered in Minneapolis, Minn. and Rehovot, Israel, is a leading global provider of 3D printing and additive manufacturing solutions. The company's patented FDM® and PolyJet™ 3D Printing technologies produce prototypes and manufactured goods directly from 3D CAD files or other 3D content. Systems include 3D printers for personal use, idea development, prototyping and direct digital manufacturing. Stratasys subsidiaries include MakerBot and Solidscape, and the company operates the RedEye digital-manufacturing service. Stratasys has more than 1900 employees, holds more than 550 granted or pending additive manufacturing patents globally, and has received more than 25 awards for its technology and leadership. Online at: www.stratasys.com or <http://blog.stratasys.com>.

Stratasys Ltd.

Condensed Consolidated Statements of Operations

(in thousands, except per share data)

	Three Months Ended March 31,	
	2014 (unaudited)	2013 (unaudited)
Net sales		
Products	\$ 129,252	\$ 81,810
Services	21,689	15,397
	<u>150,941</u>	<u>97,207</u>
Cost of sales		
Products	61,022	49,043
Services	12,191	10,790
	<u>73,213</u>	<u>59,833</u>
Gross profit	<u>77,728</u>	<u>37,374</u>
Operating expenses		
Research and development, net	16,771	10,789
Selling, general and administrative	67,617	43,325
Change in fair value of earn-out obligations	(7,495)	—
	<u>76,893</u>	<u>54,114</u>
Operating income (loss)	<u>835</u>	<u>(16,740)</u>
Other income (expense)	<u>(1,336)</u>	<u>514</u>
Loss before income taxes	<u>(501)</u>	<u>(16,226)</u>
Income taxes	(4,588)	(743)
Net income (loss)	<u>\$ 4,087</u>	<u>\$ (15,483)</u>
Net income attributable to non-controlling interest	\$ —	\$ 53
Net income (loss) attributable to Stratasys Ltd.	<u>\$ 4,087</u>	<u>\$ (15,536)</u>
Net income (loss) per ordinary share attributable to Stratasys Ltd.		
Basic	\$ 0.08	\$ (0.40)
Diluted	0.08	(0.40)
Weighted average ordinary shares outstanding		
Basic	49,273	38,494
Diluted	51,240	38,494

Stratasys Ltd.

Condensed Consolidated Balance Sheets

(in thousands)

	March 31, 2014 (unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 407,168	\$ 414,088
Short-term bank deposits	200,370	200,370
Accounts receivable, net	106,042	99,200
Inventories	99,783	88,406
Net investment in sales-type leases, net	7,008	6,696
Prepaid expenses	6,444	5,470
Deferred income taxes	19,351	16,501
Other current assets	25,342	21,398
Total current assets	871,508	852,129
Non-current assets		
Goodwill	1,196,227	1,195,891
Other intangible assets, net	604,814	622,330
Net investment in sales-type leases	11,797	11,219
Amounts funded in respect of employees rights upon retirement	3,279	3,166
Property, plant and equipment, net	99,146	91,005
Other non-current assets	4,807	6,481
Total non-current assets	1,920,070	1,930,092
Total assets	\$ 2,791,578	\$ 2,782,221
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 35,056	\$ 35,375
Accrued expenses and other current liabilities	34,348	32,849
Accrued compensation and related benefits	28,326	21,441
Earn-out obligation	21,530	12,027
Unearned revenues	39,458	36,033
Total current liabilities	158,718	137,725
Non-current liabilities		
Employee rights upon retirement	4,811	4,683
Earn-out obligation - long-term	—	16,998
Deferred tax liabilities	102,463	105,901
Unearned revenues - long-term	3,219	3,315
Other non-current liabilities	10,838	13,812
Total liabilities	280,049	282,434
Equity		
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 shares; 49,328 and 49,211 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	133	133
Additional paid-in capital	2,420,211	2,412,197
Retained earnings	89,636	85,549
Accumulated other comprehensive income	1,549	1,908
Total equity	2,511,529	2,499,787
Total liabilities and equity	\$ 2,791,578	\$ 2,782,221

Stratasys Ltd.

Reconciliation of GAAP to Non-GAAP Results of Operations

(in thousands, except per share data)

	Three Months Ended March 31, 2014			Three Months Ended March 31, 2013		
	GAAP (unaudited)	Adjustments*	Non-GAAP (unaudited)	GAAP (unaudited)	Adjustments*	Non-GAAP (unaudited)
Net sales						
Products	\$ 129,252	\$ 235	\$ 129,487	\$ 81,810	\$ 1,015	\$ 82,825
Services	21,689	—	21,689	15,397	—	15,397
	150,941	235	151,176	97,207	1,015	98,222
Cost of sales						
Products	61,022	(13,728)	47,294	49,043	(19,177)	29,866
Services	12,191	(433)	11,758	10,790	(343)	10,447

	73,213	(14,161)	59,052	59,833	(19,520)	40,313
Gross profit	77,728	14,396	92,124	37,374	20,535	57,909
Operating expenses						
Research and development, net	16,771	(1,496)	15,275	10,789	(899)	9,890
Selling, general and administrative	67,617	(13,522)	54,095	43,325	(15,608)	27,717
Change in fair value of earn-out obligations	(7,495)	7,495	—	—	—	—
	76,893	(7,523)	69,370	54,114	(16,507)	37,607
Operating income (loss)	835	21,919	22,754	(16,740)	37,042	20,302
Other income (expense)	(1,336)	—	(1,336)	514	—	514
Income (loss) before income taxes	(501)	21,919	21,418	(16,226)	37,042	20,816
Income taxes (benefit)	(4,588)	5,408	820	(743)	3,886	3,143
Net income (loss)	\$ 4,087	\$ 16,511	\$ 20,598	\$ (15,483)	\$ 33,156	\$ 17,673
Net income attributable to non-controlling interest	\$ —	\$ —	\$ —	\$ 53	\$ 40	\$ 93
Net income (loss) attributable to Stratasys Ltd.	\$ 4,087	\$ 16,511	\$ 20,598	\$ (15,536)	\$ 33,116	\$ 17,580
Net income (loss) per ordinary share attributable to Stratasys Ltd.						
Basic	\$ 0.08		\$ 0.42	\$ (0.40)		\$ 0.46
Diluted	0.08		0.40	(0.40)		0.43
Weighted average ordinary shares outstanding						
Basic	49,273		49,273	38,494		38,494
Diluted	51,240		51,240	38,494		41,057

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 March 31,	
	2014	2013
Net sales, products		
Deferred revenue purchase price	235	1,015
Cost of sales, products		
Acquired intangible assets amortization	(13,225)	(18,762)
Non-cash stock-based compensation expense	(503)	(318)
Merger and acquisition related expense	—	(97)
	(13,728)	(19,177)
Cost of sales, services		
Non-cash stock-based compensation expense	(409)	(316)
Merger and acquisition related expense	(24)	(27)
	(433)	(343)
Research and development, net		
Non-cash stock-based compensation expense	(938)	(899)
Performance bonus expense	(558)	—
	(1,496)	(899)
Selling, general and administrative		
Acquired intangible assets amortization	(5,364)	(5,461)
Non-cash stock-based compensation expense	(4,886)	(3,958)
Merger and acquisition related expense	(1,484)	(6,189)
Performance bonus expense	(1,788)	—
	(13,522)	(15,608)
Change in fair value of earn-out obligation		
Change in Earn-out obligation	7,495	—
Income taxes		
Tax expense related to non-GAAP adjustments	5,408	3,886
Net income attributable to non-controlling interest		

Depreciation and amortization expense attributable to non-controlling interest	—	40
Net income	\$ 16,511	\$ 33,116

Stratasys Ltd.

Reconciliation of GAAP to Non-GAAP Forward Looking Guidance

Fiscal Year 2014

(in millions, except per share data)

GAAP net income	\$10.5 to \$19.9
Adjustments	
Stock-based compensation expense	\$25.1 to \$28.2
Intangible assets amortization expense	\$64.8
Merger related expense	\$8.8 to \$9.8
Non-GAAP net income	\$113.3 to \$118.6
GAAP diluted earnings per share	\$0.20 to \$0.38
Non-GAAP diluted earnings per share	\$2.15 to \$2.25

STRATASYS LTD. Q1-2014 CONFERENCE CALL SCRIPT**SLIDE#1: CONFERENCE CALL TITLE SLIDE****SPEAKER: OPERATOR****SLIDE#2: CONFERENCE CALL DETAILS****SPEAKER: SHANE GLENN**

Thank you, [OPERATOR]. Good morning everyone, and thank you for joining us to discuss our first quarter financial results. On the call with us today are David Reis, CEO; and Erez Simha, CFO and COO 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 also be available, and can be accessed through the Investor Section of our web site.

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 (including, with respect to the MakerBot acquisition) 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 as well as the ability to successfully put in place and execute an effective post-acquisition integration plan for MakerBot and the Company's other acquisitions, including the ones announced on April 2, 2014; 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 2013 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 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 David Reis, Chief Executive Officer of Stratasys. David.

SLIDE#4: SUMMARY**SPEAKER: DAVID REIS**

Thank you, Shane, and good morning everyone. Thank you for joining today's call.

We are very pleased with our first quarter results.

During the first quarter, we enjoyed strong demand for our higher-margin products which helped drive a 33% increase in organic revenue over the prior year.

The strong growth of our higher-margin products and services contributed to an impressive gross margin of 61% for the first quarter, representing an expansion over both the prior year and the fourth quarter of 2013.

MakerBot products and services contributed impressive revenue of approximately \$21 million during the period, a 79% increase over the revenue that MakerBot generated as an independent company during the first quarter of 2013.

We invested in sales, marketing, and product development projects during the first quarter, especially around MakerBot products; investments that we believe will help us sustain strong growth over the coming periods.

More recently, we announced a major new initiative through our agreements to acquire Solid Concepts and Harvest Technologies, which we believe will create a leading strategic platform to meet our customers' growing additive manufacturing needs.

Finally, our outlook for 2014 remains very positive, as we continued to position the company for future growth through enhancements in our organizational structure to support our growth objectives.

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

SLIDE#5: FINANCIAL RESULTS**SPEAKER: EREZ SIMHA**

Thank you, David, and good morning everyone.

As in previous quarters, our focus on today's call will be on non-GAAP financial results.

These non-GAAP financial measures should be read in combination with our GAAP metrics to evaluate our performance.

We also note that we are not providing any pro forma financial results for the MakerBot acquisition.

MakerBot results were included in the GAAP and non-GAAP results commencing August 15, 2013.

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

As David mentioned in his opening remarks, we are very pleased with our first quarter performance.

We generated strong organic growth and generated impressive gross margins, driven by the demand for our higher margin products and services.

Operating expenses expanded materially in the first quarter compared to the first quarter of 2013, driven by significant investments in sales and marketing programs to support new MakerBot product introductions. These expenses are in line with the guidance we provided at the end of the fourth quarter, and are according to our plan and part of our strategy to accelerate initiatives that will drive future growth.

Net income was \$20.6 million for the first quarter, or \$0.40 per diluted share, compared to net income of \$17.6 million, or \$0.43 per diluted share, reported for the same period last year.

The effective tax rate declined to 3.8% for the first quarter compared to the effective tax rate of 15.1% in the same period last year.

Our tax expense was impacted by the unique mix of taxable income that favored lower effective tax rate regions.

We expect our annual tax rate to be around the low end of our long-term target operating model in 2014.

SLIDE#6: REVENUE

Product revenue in the first quarter increased by 56% to \$129.5 million, as compared to \$82.8 million for the same period last year.

Within product revenue, system revenue increased by 71% in first quarter over the same period last year, driven in large part by MakerBot's impressive contribution to the quarter.

System revenue growth, excluding MakerBot products, was also impressive for the period, growing by 40% over last year.

We observed strong sales growth across all our 3D printer lines, driven by their ongoing adoption for direct digital manufacturing and high-end prototyping applications.

Two notable areas of strength were sales of the Objet500 Connex3 Color Multi-material 3D Printer, the first and only 3D printer to combine colors with multi-material 3D printing; and the Fortus 400mc 3D production system, which produces accurate and repeatable production parts made of highly-durable thermoplastics.

Within product revenue, consumables revenue increased by 36% in the first quarter compared to the same period last year, or 29% when excluding MakerBot consumables revenue.

Consumables revenue continues to be driven by an acceleration in customer usage, our growing installed base of systems, and our efforts surrounding application training and materials education.

We believe that our growing installed base, and specifically the installed base of the Production Series and high-end Design Series systems, is a positive indicator of consumables revenue growth in future periods.

Service revenue in the first quarter increased by 41% to \$21.7 million, as compared to \$15.4 million for the same period last year.

The growth in service revenue was driven by increased revenue from maintenance contracts and service parts, reflecting our growing base of installed systems.

Revenue from our RedEye paid parts service increased by 4% during the first quarter over last year.

We believe that the slower growth in RedEye sales for the first quarter is an isolated event, and we expect sales growth will rebound in the second quarter.

SLIDE#7: UNIT SALES

We shipped 8,802 3D printers and additive manufacturing systems in the first quarter, as compared to 1,168 units shipped in the first quarter last year.

The significant increase in unit shipments resulted primarily from the inclusion of MakerBot products.

However, we also observed strong unit sales growth across our other product lines during the first quarter, driven by sales of our high-end FDM production, and PolyJet Connex systems.

Including all systems sold by Stratasys, Objet, Solidscape and MakerBot since their respective inceptions, the company has now sold 84,620 units worldwide on a combined basis, as of March 31, 2014.

SLIDE#8: GROSS PROFIT

As we mentioned earlier, sales of the company's higher-margin products and services drove a significant increase in gross margin for the first quarter, which expanded to a record 60.9% compared to 59.0% for the same period last year.

We believe that this is made more impressive when you consider the significant amount of MakerBot product revenue in the quarter, which inherently maintains lower gross margins.

SLIDE#9: OPERATING PROFIT

Operating expenses increased materially in the first quarter compared to the first quarter of 2013, driven by the inclusion of MakerBot, as well as increased sales, marketing, and R&D investments to fund growth and new product development.

In addition, we made significant incremental sales and marketing investments that target primarily MakerBot product expansion.

Net research and development expenses increased by 54.4% to \$15.3 million in the first quarter as compared to the same period last year. R&D expenses as a percentage of sales was 10.1%, similar to the same period last year.

SG&A expenses increased by 95% to \$4.1 million for the first quarter as compared to \$27.7 million for the same period last year, primarily driven by MakerBot, as well as:

- Changes in our product distribution strategy involving an increased use of independent sales agents, which resulted in increased sales commissions;
 - Incremental expenses for strategic and marketing initiatives; and
 - An increase in headcount and infrastructure to support our growth.
-

Compared to the first quarter, operating margins are expected to ramp higher for the remainder of 2014, and are projected to remain relatively consistent for the full year when compared to the level recognized in 2013.

SLIDE#10: GROWTH DRIVERS

Slide #10 provides you with an overview of the major growth drivers we have discussed for the period.

SLIDE#11: GEOGRAPHIC MIX

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

The Asia-Pacific region continues to be our fastest growing region on an organic basis, driven by our ramp up of sales and marketing investments in that region.

Revenue in all regions increased in the first quarter of 2014 as compared to the first quarter of 2013, due to strong demand for our products, as well as the inclusion of MakerBot revenue. MakerBot revenue was generated primarily in North America.

Non-GAAP Appendix Reminder

I won't be reviewing the specific reconciliations to GAAP for the non-GAAP measures we have discussed throughout our presentation today.

This information is provided in the slides appearing at the end of our presentation, as well as in our earnings release.

SLIDE#12: BALANCE SHEET SUMMARY

We maintain approximately \$607.5 million in cash and cash equivalents, and short term bank deposits on our balance sheet, amounting to \$12.3 per share, which was relatively unchanged versus the balance at the end of the fourth quarter of 2013.

Net operating cash flow from operations in the first quarter was \$4.9 million. Capital expenditures amounted to approximately \$10.9 million in facility and equipment investments.

Our strong cash balance, combined with our available \$250 million revolving credit facility provides us flexibility to fund our internal growth plans, as well as future M&A initiatives.

Inventories increased to \$99.8 million in the first quarter compared to \$88.4 million at the end of the fourth quarter, primarily due to planned inventory increases to allow for increased supply flexibility, as well as new product introductions.

Accounts receivable increased to \$106 million in the first quarter compared to \$99.2 million at the end of the fourth quarter, while DSO, on 12-month trailing revenue, was 72, compared to 74 in the fourth quarter.

SLIDE#13: FINANCIAL RESULTS & PROJECTIONS

In summary, we are very pleased with our first quarter results.

1. We generated impressive organic sales growth; combined with a strong revenue contribution from MakerBot;
2. We reported an impressive expansion in our gross margins driven by sales of our higher margin products and services;
3. We should also highlight that our core business, excluding MakerBot, experienced an expansion in operating and net margin over last year; which was offset by significant investments in MakerBot market development projects to drive future growth.
4. And finally, we have a strong balance sheet and continue to position the company for future growth through strategic investments, as well as additional acquisitions.

I would now like to turn the call over to our VP of Investor Relations, Shane Glenn, who will update you on our financial guidance, Shane.

SLIDE#14: GUIDANCE

SPEAKER: SHANE GLENN

Thank you Erez.

Stratasys reiterated the following information regarding the company's projected revenue and net income for the fiscal year ending December 31, 2014:

- Revenue guidance of \$660 million to \$680 million.
- Non-GAAP net income of \$113 million to \$119 million, or \$2.15 to \$2.25 per diluted share.
- GAAP net income of \$10.5 million to \$19.9 million, or a \$0.20 to \$0.38 per diluted share.
- We expect organic sales, which exclude MakerBot sales, to grow at least 25% over 2013, with additional growth coming from MakerBot, which is expected to grow at a

higher rate.

Stratasys provided the following additional information regarding the company's performance and strategic plans for 2014:

- Financial guidance excludes the impact of the company's pending acquisitions of Solid Concepts and Harvest Technologies. Those transactions are expected to be completed early in the upcoming third quarter, subject to customary closing

-
- conditions, and are expected to be accretive to Stratasys' earnings per share within the first 12 months after closing.
 - Operating expenses are projected to expand materially in 2014 driven by investments in sales and marketing programs to drive future market adoption, as well as by increased R&D investments to fund technology innovation and new product development.
 - Incremental sales and marketing investments will focus on expanding sales channels, enhancing regional infrastructure, and building unique go-to-market programs targeting certain market verticals and customer applications.
 - Compared to the first quarter, operating margins are expected to ramp higher for the remainder of 2014, and are projected to remain relatively consistent for the full year when compared to the level recognized in 2013.
 - Operating margin expansion in the company's core business is expected to be offset by a full-year impact from MakerBot, which is investing aggressively in market development and new product introductions.
 - Projected net income is expected to be derived disproportionately from the second half of fiscal 2014, driven by the projected timing of operating expenses, as well as the projected timing and success of new product introductions and their corresponding ramp up in sales.
 - Capital expenditures are projected at \$50 million to \$70 million, which includes significant investments in manufacturing capacity in anticipation and support of future growth.

Non-GAAP earnings guidance excludes \$64.8 million of projected amortization of intangible assets; \$25.1 million to \$28.2 million of share-based compensation expense; and \$8.8 million to \$9.8 million in non-recurring expenses related to M&A transactions.

SLIDE#15: TARGET OPERATING MODEL

Our long-term target operating model remains:

- Annual organic revenue growth of at least 20 percent;
- Non-GAAP operating income as a percent of sales of between 20 and 25 percent;
- A non-GAAP 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.

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#16: STRATEGIC IMPERATIVES

SPEAKER: DAVID REIS

Thank you Shane.

We are very pleased with our first quarter results and we remain on track to meet our financial projections for the year.

Our dynamic industry continues to grow rapidly, and we continue to invest in projects that support our core strategic objectives. These objectives include:

1. Leadership in the prototyping market;
2. The expansion into direct digital manufacturing;
3. The introduction of new niche vertical applications;
4. The acceleration of new solutions to the market;
5. Improvements in 3D printing accessibility;
6. And improvements in customer intimacy.

SLIDE #17 SOLID CONCEPTS & HARVEST

A major new strategic initiative we recently announced revolves around our intent to acquire two privately held companies, Solid Concepts and Harvest Technologies.

As you know, at Stratasys, we have a strong track record of acquisitions to drive shareholder value, including our transactions with MakerBot and Objet.

The acquisitions of Solid Concepts and Harvest Technologies are consistent with our core strategic imperatives and M&A strategy, which is focused on acquiring leading companies to support our goal of continued leadership in the areas in which we operate, as well as reaching new niche verticals.

Solid Concepts brings deep knowledge of manufacturing and a vertical focus in medical and aerospace, and Harvest Technologies brings experience in parts production, as well as materials and systems knowhow.

SLIDE #18 ORGANIZATIONAL STRUCTURE

Together with RedEye, these two leading providers are expected to strengthen our direct digital manufacturing and parts production expertise — enabling us to enhance value for our customers and our shareholders alike.

With the addition of Solid Concepts and Harvest Technologies, we intend to create a leading strategic platform to meet our customers' additive manufacturing needs through an expanded technology and business offering.

Upon closing, Solid Concepts and Harvest Technologies will merge with our RedEye digital manufacturing service business. Joe Allison, President of Solid Concepts, will join the Stratasys management team and will lead the combined parts business, supported by the leadership teams of Solid Concepts, Harvest Technologies and RedEye.

SLIDE #19 SOLID CONCEPTS, HARVEST & REDEYE

We expect that a larger combined parts business will provide more opportunities for both parts and system sales by addressing a full range of customer needs under one roof.

Solid Concepts and Harvest Technologies provide Stratasys with significant capacity, process knowhow and experience, allowing us to expand into a broad range of capabilities and applications expertise across a wide new range of new and existing applications.

Once Solid Concepts and Harvest Technologies have been integrated into a single business unit with RedEye, Stratasys will look to leverage opportunities in selling systems and services across our large customer base.

SLIDE #20 ENHANCEMENTS TO SHAREHOLDER VALUE

Furthermore, the transactions bring compelling financial benefits as both companies have strong financial track records. The transactions are expected to be accretive to our non-GAAP EPS within the first 12 months after closing.

Employees across all levels of the three organizations are excited about creating a new industry leader through this combination and the opportunities they will have as part of a larger company.

As we mentioned previously, the transactions are subject to customary closing conditions. We expect to complete the transactions early in the upcoming third quarter.

SLIDE #21 NEW PRODUCTS

We believe Stratasys is the innovation leader within our industry, which is reflected in the nine revolutionary systems and multiple materials we have introduced over the past 18 months.

In the first quarter alone, we launched a total of five new systems and two innovative new materials.

This includes the recently announced Objet500 Connex3 Color Multi-material 3D Printer.

SLIDE #22 NEW PRODUCTS DRIVING FUTURE GROWTH

The new system is a groundbreaking 3D printer that combines color with multi-material 3D printing, and features a unique triple-jet technology that allows the user to combine color with a wide variety of combinations of rigidity, flexibility, and transparency.

We have seen very high demand for the Connex3, and are encouraged by the customer feedback we have been receiving.

At CES, we announced a new 3D Printing Platform designed to improve system affordability, reliability, ease-of-use, and user connectivity. The new MakerBot

Replicator Platform is an app-enabled platform that includes three new 5th generation MakerBot Replicator 3D printers:

1. The MakerBot Replicator Desktop 3D Printer;
2. The MakerBot Replicator Mini Compact 3D Printer; and
3. The MakerBot Replicator Z18 3D Printer.

Towards the end of the first quarter, we began shipping the new MakerBot Replicator 3D Printer, and announced the availability of the MakerBot Mini Compact 3D Printer and MakerBot Z18 3D Printer for preorder.

Demand for the new MakerBot Replicator products has been strong, and we expect all three products to have begun shipping by the end of the second quarter.

Our new MakerBot Replicator product line provides unmatched speed, reliability, quality, and connectivity.

Combined with our MakerBot 3D Printing Ecosystem, which includes Thingiverse, the MakerBot Digitizer Desktop 3D Scanner, the MakerBot Digital Store, as well as new and exciting desktop and mobile applications, the Replicator platform delivers easy-to-use and reliable desktop 3D printing to a full range of consumer, prosumer, and professional users.

Most recently, we announced Endur, an advanced simulated polypropylene material suitable for high-end prototyping applications, for use with all Objet EdenV, Connex, Connex3 and Objet 30Pro 3D Printers.

Endur is the second simulated polypropylene material we have launched, and is ideal for building tough prototypes for snap-fit components, living hinges and other demanding applications.

The strong demand we are observing for our premium products, such as the Connex3, is reflective of the growth we are seeing across our entire line of higher-margin systems and materials.

Direct digital manufacturing, and high-end prototyping applications, have been the driving force behind this demand, which has been a contributing factor in our strong gross margins.

We expect this trend to continue in the coming quarters.

SLIDE #23 CORPORATE STRUCTURE - IFS

In addition to our focus on exciting new products and investing in platforms to meet our customers growing needs, we must invest in building the necessary corporate infrastructure that can support our future growth objectives.

To this end, we recently announced and closed the acquisition of certain assets of Interfacial Solutions.

Interfacial Solutions provides significant expertise in plastics and filament development. We believe that its knowledgeable team and experience will accelerate Stratasys'

materials development efforts for all of our FDM platforms, including MakerBot.

The acquisition is expected to accomplish three objectives for Stratasys, which include strengthening our materials R&D skills and bandwidth; enabling us to become vertically integrated in material development and manufacturing; and increasing materials production space and capacity.

Overall, we expect to accelerate new materials development, allowing us to introduce new products to the market faster.

SLIDE #24 CORPORATE STRUCTURE ALIGNMENT

The revenue synergies that are resulting from the successful Stratasys-Objet merger, combined with the rapidly growing marketplace, are once again reflected in the strong organic revenue growth that we generated during the first quarter.

We remain pleased with the results of our sales, marketing and service team integration. Now, we are excited to announce that we have completed the global alignment of the company's R&D and Operations that resulted from the Stratasys-Objet merger.

As Stratasys grows, we must build a foundation that allows an ongoing emphasis on innovation and product development, while providing the necessary tools to fully leverage new products and services into the marketplace.

SLIDE#25: SUMMARY & OUTLOOK

In summary:

1. We are extremely pleased with our first quarter results, as the market demand for our industry-leading products and services remained very strong.
 2. The rapid adoption of our higher-margin products and services helped drive strong organic revenue growth and a significant increase in our gross margin.
 3. MakerBot product revenue remained strong, and we continued to invest aggressively in sales, marketing and product development initiatives that we believe will drive incremental growth over the coming periods.
 4. We believe that the platform created by our pending acquisitions of Solid Concepts and Harvest Technologies will create a comprehensive solution for our customers, and will help drive incremental growth opportunities.
 5. We announced and began shipping multiple new systems and materials, with additional systems shipping before the end of Q2.
-

6. In addition, we continue to position the company for future growth through enhancements to our organizational structure, and through strategic investments in channel, product, and technology development.
7. We believe these investments, combined with our ongoing acquisitions strategy, will support our growth objectives and position of market leadership going forward.
8. And finally, we continue to observe a favorable market environment and remain on track to meet our financial projections for the year.

Operator, please open the call for questions.

SLIDE#26: Q&A

Thank you for joining today's call. We look forward to speaking with you again next quarter. Goodbye.

SLIDE#27 & 28: RECONCILIATION TABLES

May 9th 2014

Q1-2014 Financial Results Conference Call



Q4-2013**Conference
and webcast
details****Speakers****David
Reis**

• CEO

**Erez
Simha**

• CFO & COO

**Shane
Glenn**• VP, Investor
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(866) 318-8617**INTERNATIONAL
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(617) 399-5136**PARTICIPANT
PASSCODE:**
37260413**Replay Dial-in
Information****PRIMARY DIAL-IN:**
(866) 318-8617**INTERNATIONAL
DIAL-IN:** (617) 399-5136**AVAILABLE FROM:**
5/09/2014 12:30 PM ET**AVAILABLE TO:**
5/16/2014 11:59 PM ET**PARTICIPANT
PASSCODE:**
87845736**ONLINE LIVE WEBCAST AND REPLAY:**<http://www.media-server.com/m/p/ziq8t74z>

Stratasys

Forward looking statement

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 (including, with respect to acquisitions) 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 as well as MakerBot, Solid Concepts, and Harvest Technologies after their acquisitions and to successfully put in place and execute an effective post-merger integration plans; 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 on Form 20-F for the year ended December 31, 2013 filed with the U.S. Securities and Exchange Commission and in other reports that the company has filed with the SEC. 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.



Summary

- Experienced strong revenue growth of 54%, including 33% organic revenue growth, driven by sales of higher-margin products and services
- Strong growth of our higher-margin products contributed to an impressive gross margin of 61% for the first quarter
- Impressive contribution from MakerBot of \$20.6 million for the first quarter, as the desktop segment continues rapid expansion
- Invested aggressively in sales, marketing, and product development projects during the first quarter, with emphasis on MakerBot products
- Announced a major new initiative with our agreements to acquire Solid Concepts and Harvest Technologies
- Maintain positive outlook and continue to position the company for future growth through enhancements in our organizational structure

Financial Results

Stratasys Ltd.

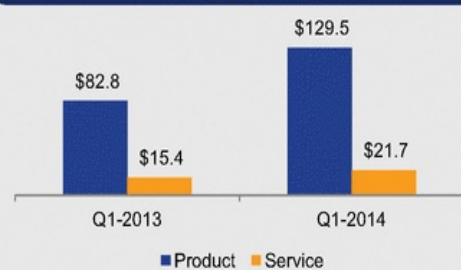
Non-GAAP

(\$ in millions unless noted otherwise)

	Q1-13	Q1-14	Change YOY
Unit Sales	1,168	8,802	653.6%
Total Revenue	\$98.2	\$151.2	+53.9%
Revenue/ Employee	0.084	0.079	-6.9%
Gross Profit % margin	57.9 59.0%	92.1 60.9%	+59.1%
Operating Expenses % of sales	37.6 38.3%	69.4 45.9%	+84.5%
Operating Profit % margin	20.3 20.7%	22.8 15.1%	+12.1%
Pre-tax Profit % margin	20.8 21.2%	21.4 14.2%	+2.9%
Tax Rate	15.1%	3.8%	-74.6%
EBITDA	25.1	26.0	+3.5%
Net Income % margin	17.6 17.9%	20.6 13.6%	+17.2%
EPS (Diluted)	\$0.43	\$0.40	-6.5%
Diluted Shares	41.1	51.2	+24.8%

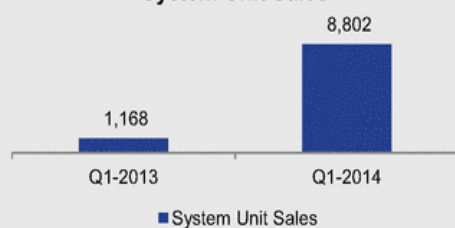
Quarter Highlights:

- Revenue growth of 54% YOY
- Organic revenue growth of 33% YOY
- Non-GAAP GM rose to 61% from 59%
- Non-GAAP net income growth of 17% YOY

**Financial
Results****Revenue****Stratasys Ltd.****Non-GAAP****(\$ in millions)****Total Revenue - Quarter****Quarter Highlights:**

- System revenue +71% YOY
- Consumable revenue +36% YOY
- Maintenance Revenue and Related Services +64% YOY

Total Revenue – Quarterly Trend

**Financial
Results****System Unit
Sales¹****Stratasys Ltd.****Total Units – Quarter****System Unit Sales****Quarter Highlights:**

- MakerBot impact
- Launch of the Objet500 Connex3 Color Multi-Material 3D Printer
- Fortus FDM strength

Total Units – Quarterly Trend**System Unit Sales**

(1) Includes systems sold by Stratasys, Inc. in all periods; and units for MakerBot starting only on August 15, 2013

Financial Results

Gross Profit

Stratasys Ltd.

Non-GAAP

(\$ in millions unless noted otherwise)	Q1-13	Q1-14	% Change YOY
Product Revenue	\$82.8	\$129.5	+56.3%
% of sales	84.3%	85.7%	
Service Revenue	15.4	21.7	+40.9%
% of sales	15.7%	14.3%	
Product Gross Profit % margin	53.0	82.2	+55.2%
	63.9%	63.5%	
Service Gross Profit % margin	4.9	9.9	+100.6%
	32.1%	45.8%	
Total Gross Profit % margin	57.9	92.1	+59.1%
	59.0%	60.9%	

Quarter Highlights:

- Sales of higher-margin products & services
- Better overhead coverage

Gross Margin – Quarterly Trend



Financial Results

Operating Profit

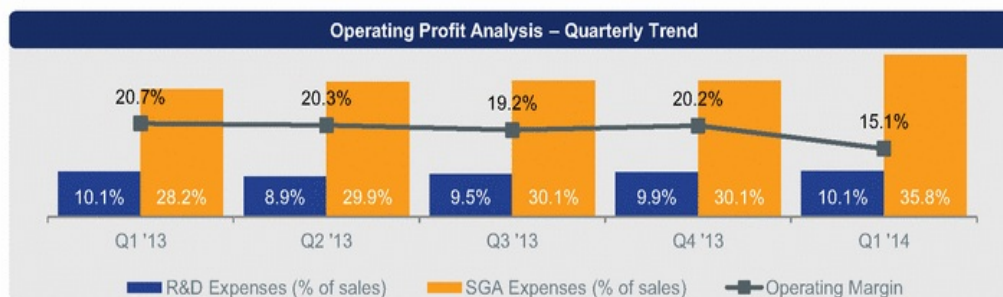
Stratasys Ltd.

Non-GAAP

(\$ in millions unless noted otherwise)	Q1-13	Q1-14	% Change YOY
R&D Expense	9.9	15.3	+54.4%
% of sales	10.1%	10.1%	
SG&A Expense	27.7	54.1	+95.2%
% of sales	28.2%	35.8%	
Total Operating Exp. % of sales	37.6	69.4	+84.5%
Total Operating Profit % margin	20.3	22.8	+12.1%
	20.7%	15.1%	

Quarter Highlights:

- Significant investments in MakerBot
- Investing for future growth



**Financial
Results****Growth Drivers****Stratasys Ltd.****Non-GAAP****Q1-2014 (YOY)**

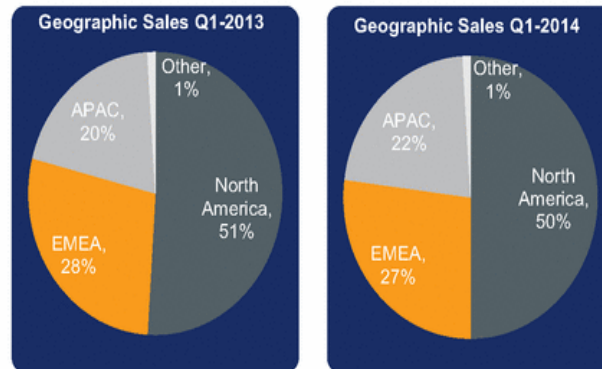
	Units	Dollars
System Revenue	+654%	+71%
Consumables Revenue	--	+36%
Maintenance Revenue and Related Services	--	+64%
RedEye Parts Services	--	+4%

Financial Results

Revenue Geographic Mix

Stratasys Ltd.

Non-GAAP



Financial Results

Balance Sheet Summary

Stratasys Ltd.

(\$ in millions unless noted otherwise)

Selected balance sheet items (\$ in millions)	Q4-13	Q1-14
Cash , Cash Equivalents & Inv.	\$616.1	\$607.5
Accounts Receivable	99.2	106.0
Inventories	88.4	99.8
Net Working Capital	714.4	712.8

Highlights

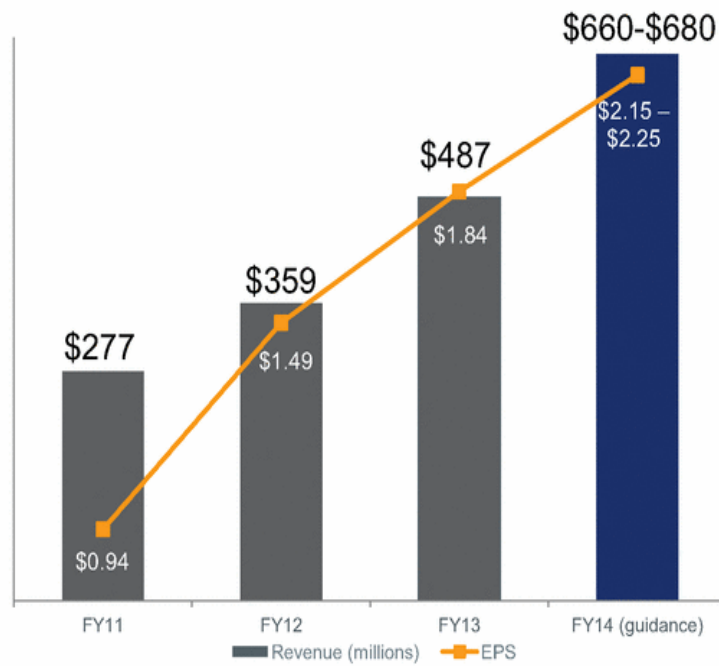
- \$607.5 M in cash, cash equivalents and bank deposits
- \$4.9 M in net operating cash flow
- Increased inventory for supply flexibility and new product introductions
- DSO declined to 72 from 74 in Q4

Financial Results & Projections

Stratasys Ltd.

Non-GAAP

(\$ in millions
unless noted
otherwise)



* Periods prior to 2013 are pro forma including Objet, Ltd.

Financial Guidance

Revenue and Earnings Guidance

Stratasys Ltd.

Non-GAAP

Fiscal 2014 Financial Guidance

Revenue (M)

\$660 - 680

Non-GAAP Diluted EPS

\$2.15 - \$2.25

Reconciliation of GAAP to
Non-GAAP Guidance

(\$ in millions unless noted otherwise)

Revenue	\$660 to \$680
Non-GAAP Net Income	\$113.3 to \$118.6
(1) Stock-Based Compensation Exp.	\$25.1 - \$28.2
(2) Amortization of Intangibles	\$64.8
(3) Merger-Related Expenses	\$8.8 - \$9.8
GAAP Net Income	\$10.5 - \$19.9
GAAP Diluted EPS	\$0.20 - \$0.38
Non-GAAP Diluted EPS	\$2.15 - \$2.25

**Financial
Guidance****Long-Term
Target
Operating
Model****Stratasys Ltd.****Non-GAAP**

Revenue growth

+20%Operating margin¹**20% - 25%**
of salesEffective tax rate¹**15% - 20%**Net income margin¹**16% - 21%**
of sales¹ Non-GAAP.

Stratasys**Strategic
Imperatives**

Lead in Prototyping

Expand the Direct Digital Manufacturing (DDM) Business

Introduce Niche Vertical Applications

Accelerate New Solutions to the Market

Improve 3D Printing Accessibility

Improve Customer Intimacy

Stratasys

**Platforms to
Drive Future
Growth**

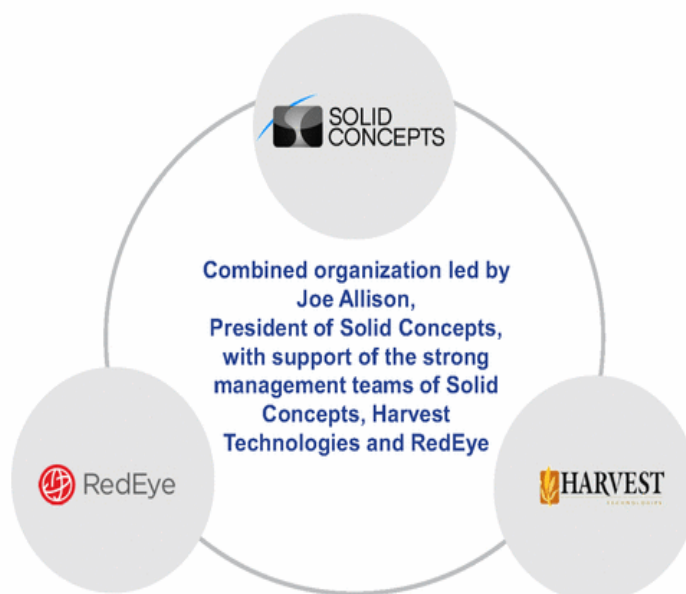
Solid Concepts, Harvest Technologies & RedEye:
Creating a Leading Strategic Platform Focused on Meeting
Customers' Additive Manufacturing Needs



Provides Stratasys with Significant Additive Manufacturing and End-Use Parts
Production Capabilities, Infrastructure, Capacity and Process Knowhow

Stratasys

Organizational
Structure



Stratasys

Solid
Concepts,
Harvest
Technologies
& RedEye

Operate as a Growing, Profitable Business Unit Within SSYS



Establish a Fulfillment Platform for Expanding EUP Strategy



Cross Selling Synergies

Parts Sell 3D
Printers



3D Printers Sell
Parts

Stratasys

Transactions
Enhance
Shareholder
Value

Creates Leading Strategic Platform

- ✓ Enables Stratasys to Leverage Significant Additive Manufacturing Services Experience
- ✓ Creates Opportunity For Cross-selling Synergies
- ✓ Compelling Financial Benefits
- ✓ Clear path to completion
- ✓ Transactions subject to customary closing conditions and expected to close early in the upcoming third quarter
- ✓ Transactions are expected to be accretive to non-GAAP EPS within the first 12 months after closing



Stratasys

Recent New Product Introductions



2013	Q1 2014
Objet30 OrthoDesk 3D Printer	Objet500 Connex3 Color Multi- Material 3D Printer
Solidscape 3Z MAX	
MakerBot Replicator 2X	MakerBot Replicator
MakerBot Digitizer Desktop 3D Scanner	MakerBot Replicator Mini
MakerBot Flexible Filament	MakerBot Replicator Z18
MakerBot Dissolvable Filament	Objet Eden260V Dental Advantage
Nylon 12	VeroGlaze Dental
Digital ABS2	Endur Simulated Polypropylene

New
Innovative
Products to
Drive Future
Growth



Impressive Demand for New Products

Connex3 and MakerBot Replicator



Strong Interest in Upcoming Releases

MakerBot Replicator Mini and Z18 Shipping in Q2 2014



Acquisition of Certain Assets of Interfacial Solutions: Provides Structure Alignment to Support Future Growth Opportunities

Stratasys

Structure to
Drive Future
Growth



- ✓ Strengthens materials R&D skills and bandwidth
- ✓ Enables vertical integration of material development and manufacturing
- ✓ Increases materials production space and capacity
- ✓ Accelerates new materials development, allowing for the introduction of new products to the market faster

Update on Stratasys – Objet Integration

Stratasys

Structure Alignment to Support Future Growth Opportunities

Phase 1

- ✓ Sales & Channel
- ✓ Marketing
- ✓ Services

Phase 2

- ✓ R&D
- ✓ Operations



Summary & Outlook

Impressive Q1 results as market demand remains strong

Sales of higher-margin products and services helped drive strong organic revenue growth and a significant increase in gross margin

MakerBot product sales strong as we continue to invest for future growth in the rapidly expanding desktop market

Recent acquisitions intended to create comprehensive parts solution for customers and drive incremental growth opportunities

Announced and began shipping multiple new systems and materials, with additional systems scheduled for shipment before end of Q2

Maintain positive outlook, and positioning the company for growth through structural enhancements and additional potential acquisitions



We are Stratasy

We shape lives by revolutionizing the way things are made

- ✓ *We are innovation*
- ✓ *We are fearless leaders*
- ✓ *We are customer driven*
- ✓ *Our quality matters*
- ✓ *Our people make the difference*



MakerBot

Solidscape



RedEye

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

Stratasys Ltd.
Combined

(\$ in thousands
except per
share data)

	Q1-13 GAAP	Adjustments	Q1-13 Non-GAAP	Q1-14 GAAP	Adjustments	Q1-14 Non-GAAP
Net sales						
Products	\$ 81,810	\$ 1,015	\$ 82,825	\$ 129,252	\$ 235	\$ 129,487
Services	15,397	-	15,397	21,689	-	21,689
Cost of sales						
Products	49,043	(19,177)	29,866	61,022	(13,728)	47,294
Services	10,790	(343)	10,447	12,191	(433)	11,758
Gross profit	37,374	20,535	57,909	77,728	14,396	92,124
Operating expenses						
Research and development, net	10,789	(899)	9,890	16,771	(1,496)	15,275
Selling, general and administrative	43,325	(15,608)	27,717	67,617	(13,522)	54,095
Change in fair value of earn-out obligations	-	-	-	(7,495)	7,495	-
Operating income (loss)	(16,740)	37,042	20,302	835	21,919	22,754
Other income (expense)	514	-	514	(1,336)	-	(1,336)
Income (loss) before income taxes	(16,226)	37,042	20,816	(501)	21,919	21,418
Income taxes (benefit)	(743)	3,886	3,143	(4,588)	5,408	820
Net income (loss)	(15,483)	33,156	17,673	4,087	16,511	20,598
Net income attributable to non-controlling interest	53	40	93	-	-	-
Net income (loss) attributable to Stratasys Ltd.	\$ (15,536)	\$ 33,116	\$ 17,580	\$ 4,087	\$ 16,511	\$ 20,598
EPS (Diluted)	\$ (0.40)		\$ 0.43	\$ 0.08		\$ 0.40

Reconciliation of Non-GAAP Adjustments

Stratasys Ltd. Combined

Net sales, products

Deferred revenue purchase price

	Q1-13	Q1-14
	\$ 1,015	\$ 235

Cost of sales, products

Acquired intangible assets amortization

(18,762) (13,225)

Non-cash stock-based compensation expense

(318) (503)

Merger and acquisition related expense

(97) -

(19,177) (13,728)

Cost of sales, services

Non-cash stock-based compensation expense

(316) (409)

Merger and acquisition related expense

(27) (24)

(343) (433)

Research and development, net

Non-cash stock-based compensation expense

(899) (938)

Performance bonus expense

- (558)

(899) (1,496)

Selling, general and administrative

Acquired intangible assets amortization

(5,461) (5,364)

Non-cash stock-based compensation expense

(3,958) (4,886)

Merger and acquisition related expense

(6,189) (1,484)

Performance bonus expense

- (1,788)

(15,608) (13,522)

Change in fair value of earn-out obligation

Change in Earn-out obligation

- 7,495

Income taxes

Tax expense related to non-GAAP adjustments

3,886 5,408

Net income attributable to non-controlling interest

Depreciation and amortization expense attributable to non-controlling interest

40 -

Net income

\$ 33,116 \$ 16,511