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Direct Digital Manufacturing: Stratasys Takes Order for Five Large-Format Machines

Sale Marks Completion of Previously Announced \$3.6 Million R&D Contract

MINNEAPOLIS--(BUSINESS WIRE)--

(NASDAQ: SSYS) Stratasys announced it has taken an order for five of its largest additive fabrication systems -- FDM 900mc units -- to be used expressly for direct digital manufacturing.

The customer is an unnamed Fortune 500 company, which will produce plastic parts for end use. This production method will replace traditional manufacturing methods.

The order is a part of the successful completion of a previously announced \$3.6 Million R&D contract with the customer. The parties entered into the contract to advance the Stratasys FDM(R) process for direct digital manufacturing. Stratasys expects the customer to purchase several more FDM 900mc systems in the future.

"More and more manufacturers are using additive fabrication for low-volume production," says Stratasys CEO Scott Crump. "It's called direct digital manufacturing -- and it's taking off faster than we thought it would. Industry observers believe this market will far surpass our current primary market of rapid prototyping and 3D printing applications. We have many competitors, but we believe we're the best-positioned, because our FDM process produces accurate, durable thermoplastic parts."

"We entered into the contract in 2005 to advance our technology in order to meet the changing needs of our customers," says Stratasys VP of Research and Development Paul Blake. "The customer chose the Stratasys FDM process over other additive fabrication processes for its ability to produce quality end-use parts."

For low-volume production, direct digital manufacturing can be a viable alternative to traditional manufacturing methods with several benefits:

- ROI can often be realized in a small number of projects
- Products get to market quicker
- No machining or tooling or associated costs
- No waiting for machining or tooling
- Inventory reduction: components can be made on demand

- Design can be changed during production with virtually no penalty
- Engineers can focus on creating the best design with no concern for manufacturability.

The FDM 900mc, announced last December, is Stratasys' largest and highest quality additive fabrication system. It was designed and manufactured specifically for direct digital manufacturing applications. Notable for the FDM 900mc is that 32 of its own components are themselves produced via direct digital manufacturing, using the FDM process.

The FDM 900mc is based on a new platform, distinct from previous FDM additive fabrication systems used for prototyping or production. Innovation in the extrusion head's motion control system results in a marked improvement in predictability and repeatability. Positional accuracy and part tolerances are substantially improved over previous systems. The FDM 900mc's build chamber measures 3 ft x 2 ft x 3 ft -- far larger than other additive fabrication systems that produce plastic or metal parts.

Stratasys Inc., Minneapolis, manufactures additive fabrication machines for prototyping, and direct digital manufacturing. It also offers part manufacturing services through its RedEye RPM business unit. According to Wohlers Report 2008, Stratasys supplied 44 percent of all additive fabrication systems installed worldwide in 2007, making it the unit market leader for the sixth consecutive year. Stratasys patented and owns the rapid prototyping process known as fused deposition modeling (FDM(R)). The process creates functional prototypes and end-use parts directly from any 3D CAD program, using ABS plastic, polycarbonate, PPSF, and blends. The company holds more than 180 granted or pending additive fabrication patents globally. Stratasys products are used in the aerospace, defense, automotive, medical, education, electronic, and consumer product industries. On the Web: www.Stratasys.com.

FDM 900mc is a trademark, and FDM is a registered trademark, of Stratasys, Inc.

Attention Editors: If you wish to publish reader-contact information, please use: info@stratasys.com, 952-937-3000, 1-888-480-3548, On the Web: www.Stratasys.com

Forward Looking Statements

All statements herein that are not historical facts or that include such words as "expects", "anticipates", "projects", "estimates", "vision", "planning" or "believes" or similar words are forward-looking statements that we deem to be covered by and to qualify for the safe harbor protection covered by the Private Securities Litigation Reform Act of 1995. Our belief that we have the largest part-building service is based on the number of dedicated machines. Except for the historical information herein, the matters discussed in this news release are forward-looking statements that involve risks and uncertainties; these include the continued market acceptance and growth of our Dimension (TM) 3D printer line, FDM 200mc,(TM) 360mc, (TM) 400mc,(TM) 900mc,(TM) Maxum,(TM) Titan,(TM) and Vantage(TM) product lines; the size of the 3D printing market; our ability to penetrate the 3D printing market; our ability to maintain the growth rates experienced in this and preceding quarters; our ability to introduce and market new materials such as ABSplus and ABS-M30; and the market acceptance of these and other materials; the impact of competitive products and pricing; the timely

development and acceptance of new products and materials; the success of our recent R&D initiative to expand the direct digital manufacturing capabilities of our core FDM technology; the success of our RedEyeRPM(TM) and other paid parts services; and the other risks detailed from time to time in our SEC Reports, including the our quarterly reports filed on Form 10-Q throughout 2008; and our annual report on Form 10-K filed for the year ended December 31, 2007.

Source: Strataysys