UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10 Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________to____________

Commission File No. 001-34220

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3D SYSTEMS CORPORATION

(Exact name of Registrant as specified in its Charter)

DELAWARE	95 4431352
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
333 THREE D SYSTEMS CIRCLE	
ROCK HILL, SOUTH CAROLINA	29730
(Address of Principal Executive Offices)	(Zip Code)

(Registrant's Telephone Number, Including Area Code): (803) 326 3900

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b 2 of the Exchange Act.) Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares of Common Stock, par value $0.001, outstanding as of April 27, 2016: 112,044,226

3D SYSTEMS CORPORATION

Quarterly Report on Form 10-Q for the

Quarter Ended March 31, 2016

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

3D SYSTEMS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except par value)	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 169,774	$ 155,643
Accounts receivable, net of reserves — $15,126 (2016) and $14,139 (2015)	134,793	157,406
Inventories, net of reserves — $28,768 (2016) and $28,225 (2015)	113,953	105,877
Prepaid expenses and other current assets	13,995	13,541
Total current assets	432,515	432,467
Property and equipment, net	92,300	85,995
Intangible assets, net	151,366	157,466
Goodwill	191,641	187,875
Long term deferred income tax asset	3,299	3,216
Other assets, net	25,593	26,256
Total assets	$ 896,714	$ 893,275
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of capitalized lease obligations	$ 555	$ 529
Accounts payable	41,229	46,869
Accrued and other liabilities	52,179	54,699
Customer deposits	7,313	8,229
Deferred revenue	46,709	35,145
Total current liabilities	147,985	145,471
Long term portion of capitalized lease obligations	8,090	8,187
Long term deferred income tax liability	16,851	17,944
Other liabilities	59,317	58,155
Total liabilities	232,243	229,757
Redeemable noncontrolling interests	8,872	8,872
Stockholders’ equity:		
Common stock, $0.001 par value, authorized 220,000 shares; issued 113,140 (2016) and 113,115 (2015)	113	113

Additional paid-in capital	1,291,405	1,279,738
Treasury stock, at cost — 1,159 shares (2016) and 892 shares (2015)	(1,836)	(1,026)
Accumulated deficit	(601,156)	(583,368)
Accumulated other comprehensive loss	(31,729)	(39,548)
Total 3D Systems Corporation stockholders' equity	656,797	655,909
Noncontrolling interests	(1,198)	(1,263)
Total stockholders’ equity	655,599	654,646
Total liabilities, redeemable noncontrolling interests and stockholders’ equity	$ 896,714	$ 893,275

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Quarter Ended March 31,	
(in thousands, except per share amounts)	2016	2015
Revenue:		
Products	$ 90,964	$ 99,822
Services	61,591	60,900
Total revenue	152,555	160,722
Cost of sales:		
Products	44,161	50,476
Services	30,881	31,262
Total cost of sales	75,042	81,738
Gross profit	77,513	78,984
Operating expenses:		
Selling, general and administrative	73,967	74,292
Research and development	20,305	22,216
Total operating expenses	94,272	96,508
Loss from operations	(16,759)	(17,524)
Interest and other (income) expense, net	(126)	2,567
Loss before income taxes	(16,633)	(20,091)
Provision (benefit) for income taxes	1,179	(6,943)
Net loss	(17,812)	(13,148)
Less: net income (loss) attributable to noncontrolling interests	(24)	33
Net loss attributable to 3D Systems Corporation	$ (17,788)	$ (13,181)
Net loss per share available to 3D Systems Corporation common stockholders — basic and diluted	$ (0.16)	$ (0.12)
Other comprehensive income (loss):		
Pension adjustments, net of taxes	$ (31)	$ 265
Foreign currency gain (loss)	7,939	(20,957)
Total other comprehensive income (loss)	7,908	(20,692)
Less foreign currency translation gain (loss) attributable to noncontrolling interests	89	(125)
Other comprehensive income (loss) attributable to 3D Systems Corporation	7,819	(20,567)
Comprehensive loss	(9,904)	(33,840)
Less comprehensive income (loss) attributable to noncontrolling interests	65	(92)

Comprehensive loss attributable to 3D Systems Corporation	$ (9,969)	$ (33,748)

See accompanying notes to condensed consolidated financial statements.

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3D SYSTEMS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Quarter Ended March 31,	
(in thousands)	2016	2015
Cash flows from operating activities:		
Net loss	$ (17,812)	$ (13,148)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Benefit of deferred income taxes	(1,092)	(10,254)
Depreciation and amortization	15,089	19,470
Impairment of investments	899	—
Provision for bad debts	2,388	2,881
Provision for inventory obsolescence and revaluation	543	756
Stock-based compensation	11,667	10,329
Loss on the disposition of property and equipment	162	253
Changes in operating accounts, net of acquisition activity:		
Accounts receivable	21,544	17,986
Inventories	(8,527)	(20,767)
Prepaid expenses and other current assets	(434)	(2,784)
Accounts payable	(5,956)	(5,815)
All other operating activities	(353)	156
Net cash provided by (used in) operating activities	18,118	(937)
Cash flows from investing activities:		
Purchases of property and equipment	(4,246)	(3,693)
Additions to license and patent costs	(231)	(203)
Cash paid for acquisitions, net of cash assumed	—	(77,984)
Other investing activities	—	(600)
Net cash used in investing activities	(4,477)	(82,480)
Cash flows from financing activities:		
Tax benefits from share-based payment arrangements	—	447
Proceeds (repurchase) — restricted stock	(810)	360
Repayment of capital lease obligations	(262)	(176)
Net cash provided by (used in) financing activities	(1,072)	631
Effect of exchange rate changes on cash	1,562	(2,180)
Net increase (decrease) in cash and cash equivalents	14,131	(84,966)
Cash and cash equivalents at the beginning of the period	155,643	284,862
Cash and cash equivalents at the end of the period	$ 169,774	$ 199,896
Cash interest payments	$ 214	$ 143
Cash income tax payments	1,707	1,707

Transfer of equipment from inventory to property and equipment, net (a)	5,760	2,539
Transfer of equipment to inventory from property and equipment, net (b)	1,779	1,822

(a) Inventory is transferred from inventory to property and equipment at cost when the Company requires additional machines for training or demonstration or for placement into on demand parts manufacturing services locations.

(b) In general, an asset is transferred from property and equipment, net, into inventory at its net book value when the Company has identified a potential sale for a used machine.

See accompanying notes to condensed consolidated financial statements.

3D SYSTEMS CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF EQUITY

(Unaudited)

	Common Stock			Treasury Stock						
(In thousands, except par value)	Shares	Par Value $0.001	Additional Paid In Capital	Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total 3D Systems Corporation Stockholders Equity	Equity Attributable to Noncontrolling Interests	Total Stockho Equity
Balance at December 31, 2015	113,115	$ 113	$ 1,279,738	892	$ (1,026)	$ (583,368)	$ (39,548)	$ 655,909	$ (1,263)	$ 654,6
Issuance (repurchase) of restricted stock, net	25	—	—	267	(810)	—	—	(810)	—	(810)
Stock-based compensation expense	—	—	11,667	—	—	—	—	11,667	—	11,66
Net loss	—	—	—	—	—	(17,788)	—	(17,788)	(24)	(17,8
Pension adjustment	—	—	—	—	—	—	(31)	(31)	—	(31)
Foreign currency translation adjustment	—	—	—	—	—	—	7,850	7,850	89	7,939
Balance at March 31, 2016	113,140	$ 113	$ 1,291,405	1,159	$ (1,836)	$ (601,156)	$ (31,729)	$ 656,797	$ (1,198)	$ 655,5

See accompanying notes to condensed consolidated financial statements.

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3D SYSTEMS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of 3D Systems Corporation and its subsidiaries (collectively, the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation. The unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim reports. Accordingly, they do not include all the information and notes required by GAAP for complete financial statements and should be read in conjunction with the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 ("Form 10-K").

In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments, consisting of adjustments of a normal recurring nature, necessary to present fairly the financial position, results of operations and cash flows for the periods presented. The results of operations for the quarter ended March 31, 2016 are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from those estimates and assumptions.

Certain prior period amounts presented in the condensed consolidated financial statements and accompanying footnotes have been reclassified to conform to current year presentation.

All amounts presented in the accompanying footnotes are presented in thousands, except for per share information.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 requires lessees to recognize assets and liabilities arising from operating leases on the balance sheet. It is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently in the process of evaluating the impact of adoption of ASU 2016-02 on its consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, "Stock Compensation (Topic 718)" ("ASU 2016-09"). ASU 2016-09 simplifies the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. It is effective for annual reporting periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is permitted for any interim or annual period. The Company is currently in the process of evaluating the impact of adoption of ASU 2016-09 on its consolidated financial statements.

No other new accounting pronouncements, issued or effective during the first quarter of 2016, have had or are expected to have a significant impact on the Company's consolidated financial statements.

(2) Acquisitions

No acquisitions were made in the first quarter of 2016.

(3) Inventories

Components of inventories, net as of March 31, 2016 and December 31, 2015 were as follows:

(in thousands)	2016	2015
Raw materials	$ 46,013	$ 43,960
Work in process	8,250	4,067
Finished goods and parts	59,690	57,850
Inventories, net	$ 113,953	$ 105,877

(4) Property and Equipment

Property and equipment, net, as of March 31, 2016 and December 31, 2015 were as follows:

(in thousands)	2016	2015	Useful Life (in years)
Land	$ 903	$ 903	N/A
Building	11,009	11,007	25-30
Machinery and equipment	111,716	105,383	2-7
Capitalized software	8,754	7,391	3-5
Office furniture and equipment	5,094	4,714	1-5
Leasehold improvements	22,737	17,867	Life of lease (a)
Rental equipment	156	149	5
Construction in progress	9,258	9,578	N/A
Total property and equipment	169,627	156,992	
Less: Accumulated depreciation and amortization	(77,327)	(70,997)	
Total property and equipment, net	$ 92,300	$ 85,995	

(a) Leasehold improvements are amortized on a straight-line basis over the shorter of (i) their estimated useful lives and (ii) the estimated or contractual life of the related lease.

For the quarters ended March 31, 2016 and 2015, depreciation expense on property and equipment was $6,000 and $4,709, respectively.

(5) Intangible Assets

Intangible assets, net, other than goodwill as of March 31, 2016 and December 31, 2015 were as follows:

	2016			2015				
(in thousands)	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net	Useful Life (in years)	Weighted Average Useful Life Remaining (in years)

Intangible assets with finite lives:								
Patent costs	$ 16,547	$ (5,248)	$ 11,299	$ 16,251	$ (4,895)	$ 11,356	1-19	8
Acquired technology	53,735	(19,497)	34,238	52,809	(16,405)	36,404	2-15	4
Internally developed software	4,730	(3,069)	1,661	4,730	(2,919)	1,811	3	3
Customer relationships	103,825	(39,768)	64,057	101,933	(36,158)	65,775	2-15	7
Non-compete agreements	12,043	(8,722)	3,321	12,163	(8,558)	3,605	2-5	3
Trade names	28,347	(13,456)	14,891	28,108	(12,498)	15,610	1-9	6
Other	46,455	(24,556)	21,899	46,435	(23,530)	22,905	1-7	5
Total intangible assets	$ 265,682	$ (114,316)	$ 151,366	$ 262,429	$ (104,963)	$ 157,466	1-19	5

Amortization expense related to costs incurred to internally develop and extend patents in the United States and various other countries was $84 and $75 for the quarters ended March 31, 2016 and 2015, respectively.

Amortization expense related to all other intangible assets was $8,735 and $14,441 for the quarters ended March 31, 2016 and 2015, respectively.

Annual amortization expense for intangible assets is expected to be $35,180, $32,233, $27,022, $21,737 and $17,200 for the years ending 2016, 2017, 2018, 2019, and 2020, respectively.

(6) Accrued and Other Liabilities

Accrued liabilities as of March 31, 2016 and December 31, 2015 were as follows:

(in thousands)	2016	2015
Compensation and benefits	$ 20,024	$ 24,152
Vendor accruals	10,913	12,354
Accrued professional fees	1,883	491
Accrued taxes	10,289	11,317
Royalties payable	1,692	1,431
Accrued interest	113	42
Accrued earnouts related to acquisitions	3,655	159
Accrued other	3,610	4,753
Total	$ 52,179	$ 54,699

Other liabilities as of March 31, 2016 and December 31, 2015 were as follows:

(in thousands)	2016	2015
Arbitration award	$ 11,282	$ 11,282
Long term employee indemnity	10,059	9,794
Defined benefit pension obligation	6,478	6,211
Long term tax liability	8,377	8,312
Long term earnouts related to acquisitions	6,455	9,673
Long term deferred revenue	8,587	7,956
Other long term liabilities	8,079	4,927
Total	$ 59,317	$ 58,155

(7) Hedging Activities and Financial Instruments

The Company conducts business in various countries using both the functional currencies of those countries and other currencies to effect cross border transactions. As a result, the Company is subject to the risk that fluctuations in foreign exchange rates between the dates that those transactions are entered into and their respective settlement dates will result in a foreign exchange gain or loss. When practicable, the Company endeavors to match assets and liabilities in the same currency on its balance sheet and those of its subsidiaries in order to reduce these risks. When appropriate, the Company enters into foreign currency contracts to hedge exposures arising from those transactions. The Company has elected not to prepare and maintain the documentation to qualify for hedge accounting treatment under Accounting Standards Codification ("ASC") 815, "Derivatives and Hedging," and therefore, all gains and losses (realized or unrealized) are recognized in "Interest and other expense, net" in the condensed consolidated statements of operations and comprehensive income (loss). Depending on their fair value at the end of the reporting period, derivatives are recorded either in prepaid expenses and other current assets or in accrued liabilities on the condensed consolidated balance sheet.

There were no foreign currency contracts outstanding as of March 31, 2016 or December 31, 2015.

For the quarters ended March 31, 2016 and 2015, the condensed consolidated statements of operations include a foreign currency transaction gain of $1,518 and a loss of $2,194, respectively.

For the quarters ended March 31, 2016 and 2015, the total impact of foreign currency translation on accumulated other comprehensive loss reflects a gain of $7,850 and a loss of $20,832, respectively.

(8) Borrowings

Credit Facility

On October 10, 2014, the Company and certain of its subsidiaries entered into a $150,000 five-year revolving, unsecured credit facility (the “Credit Agreement”) with PNC Bank, National Association, as Administrative Agent, PNC Capital Markets LLC, as Sole Lead Arranger and Sole Bookrunner, HSBC Bank USA, N.A., as Syndication Agent, and the other lenders party thereto (collectively, the “Lenders”). The Credit Agreement comprises a revolving loan facility that provides for advances in the initial aggregate principal amount of up to $150,000 (the “Credit Facility”). Subject to certain terms and conditions contained in the Credit Agreement, the Company may, at its option, request an increase in the aggregate principal amount available under the Credit Facility by an additional $75,000. The Credit Agreement includes provisions for the issuance of letters of credit and swingline loans.

The Credit Agreement is guaranteed by certain of the Company’s material domestic subsidiaries (the “Guarantors”). From time to time, the Company may be required to cause additional material domestic subsidiaries to become Guarantors under the Credit Agreement.

Generally, amounts outstanding under the Credit Facility bear interest, at the Company’s option, at either the Base Rate or the London interbank offered rate (“LIBOR”), in each case, plus an applicable margin. Base Rate advances bear interest at a rate per annum equal to the sum of (i) the highest of (A) the Administrative Agent’s prime rate, (B) the Federal Funds Open Rate plus 0.5% or (C) the Daily LIBOR Rate for a one month interest period plus 1%, and (ii) an applicable margin that ranges from 0.25% to 0.50% based upon the Company’s consolidated total leverage ratio. LIBOR Rate advances bear interest at a rate based upon the LIBOR Rate for the applicable interest period, plus an applicable margin that ranges from 1.25% to 1.50% based upon the Company’s consolidated total leverage ratio. Under the terms of the Credit Agreement, (i) accrued interest on each loan bearing interest at the Base Rate is payable quarterly in arrears and (ii) accrued interest on each loan bearing interest at the LIBOR Rate is payable in arrears on the earlier of (A) quarterly and (B) the last day of each applicable interest payment date for each loan. The Credit Facility is scheduled to mature on October 10, 2019, at which time all amounts outstanding thereunder will be due and payable.

The Company is required to pay certain fees in connection with the Credit Facility, including a quarterly commitment fee equal to the product of the amount of the average daily available revolving commitments under the Credit Agreement multiplied by a percentage that ranges from 0.20% to 0.25% depending upon the Company’s consolidated total leverage ratio, as well as customary administrative fees.

The Credit Agreement contains customary representations, warranties, covenants and default provisions for a Credit Facility of this type, including, but not limited to, financial covenants, limitations on liens and the incurrence of debt, covenants to preserve corporate existence and comply with laws and covenants regarding the use of proceeds of the Credit Facility. The financial covenants include a maximum consolidated total leverage ratio, which is the ratio of consolidated total funded indebtedness to consolidated EBITDA (earnings before interest, taxes, depreciation and amortization expense), as defined in the Credit Agreement, of 3.00 to 1.00, and a minimum interest coverage ratio, which is the ratio of consolidated EBITDA to cash interest expense, of 3.50 to 1.00. The Company is only required to be in compliance with the financial covenants as of the end of any fiscal quarter in which there are any loans outstanding at any time during such fiscal quarter. Based on the Company's current results of operations and financial covenants set forth in the Credit Agreement, availability at March 31, 2016 would be approximately $150,000. Future results may impact availability.

The payment of dividends on the Company's common stock is restricted under provisions of the Credit Facility, which limits the amount of cash dividends that the Company may pay in any one fiscal year to $30,000. The Company currently does not pay, and has not paid, any dividends on its common stock, and currently intends to retain any future earnings for use in its business.

There was no outstanding balance on the Credit Facility as of March 31, 2016 or December 31, 2015.

Capitalized Lease Obligations

The Company's capitalized lease obligations primarily include a lease agreement that was entered into during 2006 with respect to the Company's corporate headquarters located in Rock Hill, SC. Capitalized lease obligations decreased to $8,645 at March 31, 2016 from $8,716 at December 31, 2015, due to the normal scheduled timing of payments.

(9) Stock-based Compensation Plans

Effective May 19, 2004, the Company adopted its 2004 Incentive Stock Plan, as further amended and restated on February 3, 2015 (the “2004 Stock Plan”) and its 2004 Restricted Stock Plan for Non-Employee Directors (the “Director Plan”). On May 19, 2015, the Company’s stockholders approved the 2015 Incentive Plan of 3D Systems Corporation (the “2015 Plan” and, together with the 2004 Stock Plan, the “Incentive Plans”).

The 2015 Plan authorizes shares of restricted stock, restricted stock units, stock appreciation rights, cash incentive awards and the grant of options to purchase shares of the Company’s common stock. The 2015 Plan also designates measures that may be used for performance awards.

Generally, awards granted prior to November 13, 2015 become fully-vested on the three-year anniversary of the grant date and awards granted after November 13, 2015 will vest one third each year over three years.

The Company records stock-based compensation expense in selling, general and administrative expenses in the condensed consolidated statements of operations and comprehensive income (loss). Stock-based compensation expense for the quarters ended March 31, 2016 and 2015 was as follows:

	Quarter Ended March 31,	
(in thousands)	2016	2015
Incentive Plans	$ 11,632	$ 10,329
Director Plan	35	—
Total stock-based compensation expense	$ 11,667	$ 10,329

The number of shares and units of restricted common stock awarded and the weighted average fair value per share and unit for the quarters ended March 31, 2016 and 2015 were as follows:

	Quarter Ended March 31,			
	2016		2015	
(in thousands, except per share amounts)	Number of Shares/Units	Weighted Average	Number of Shares/Units	Weighted Average

		Fair Value		Fair Value
Restricted stock awards:				
Granted under the Incentive Plans, non-executive employees	—	$ —	213	$ 28.62
Granted under the Incentive Plans, executive officers	—	—	60	28.62
Granted under the 2004 Director Plan, non-employee directors	25	7.71	—	—
Total restricted stock awards	25	$ 7.71	273	$ 28.62

(10) Loss Per Share

The Company presents basic and diluted loss per share (“EPS”) amounts. Basic EPS is calculated by dividing net loss attributable to 3D Systems Corporation by the weighted average number of common shares outstanding during the applicable period. Diluted EPS is calculated by dividing net loss by the weighted average number of common and common equivalent shares outstanding during the applicable period.

The following table reconciles basic weighted average outstanding shares to diluted weighted average outstanding for the quarters ended March 31, 2016 and 2015:

	Quarter Ended March 31,	
(in thousands, except per share amounts)	2016	2015
Numerator for basic and diluted net loss per share:		
Net loss attributable to 3D Systems Corporation	$ (17,788)	$ (13,181)
Denominator for basic and diluted net loss per share:		
Weighted average shares	112,197	111,731
Net loss per share, basic and diluted	$ (0.16)	$ (0.12)
Restricted stock units excluded from diluted loss per share calculation (a)	88	33

(a) The calculation for average outstanding diluted loss per share excludes restricted stock units since the effect of their inclusion would have been anti-dilutive.

(11) Fair Value Measurements

ASC 820, “Fair Value Measurements and Disclosures,” defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs that may be used to measure fair value:

· Level 1 - Quoted prices in active markets for identical assets or liabilities;

· Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

· Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

For the Company, the above standard applies to cash equivalents and earnout consideration. The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements as of March 31, 2016			
(in thousands)	Level 1	Level 2	Level 3	Total
Description				
Cash equivalents (a)	$ 35,400	$ —	$ —	$ 35,400
Earnout consideration (b)	$ —	$ —	$ 9,942	$ 9,942

(in thousands) Description	Fair Value Measurements as of December 31, 2015 Level 1	Level 2	Level 3	Total
Cash equivalents (a)	$ 26,648	$ —	$ —	$ 26,648
Earnout consideration (b)	$ —	$ —	$ 9,673	$ 9,673

(a) Cash equivalents include funds held in money market instruments and are reported at their current carrying value, which approximates fair value due to the short-term nature of these instruments and are included in cash and cash equivalents in the consolidated balance sheet.

(b) The fair value of the earnout consideration, which is based on the present value of the expected future payments to be made to the sellers of the acquired businesses, was derived by analyzing the future performance of the acquired businesses using the earnout formula and performance targets specified in each purchase agreement and adjusting those amounts to reflect the ability of the acquired entities to achieve the stated targets. Given the significance of the unobservable inputs, the valuations are classified in Level 3 of the fair value hierarchy. The change in earnout consideration reflects $269 of accretion.

The Company did not have any transfers of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value measurement hierarchy during the quarter ended March 31, 2016.

In addition to the assets and liabilities included in the above table, certain of our assets and liabilities are to be initially measured at fair value on a non-recurring basis. This includes goodwill and other intangible assets measured at fair value for impairment assessment, in addition to redeemable noncontrolling interests. For additional discussion, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Significant Estimates" in our Form 10-K.

(12) Income Taxes

For the quarters ended March 31, 2016 and 2015, the Company recorded a provision of $1,179 and a benefit of $6,943, respectively, resulting in effective tax rates of 7.1% of expense and 34.6% of benefit, respectively. The difference in the effective tax rates is primarily attributable to valuation allowances that were recorded in the fourth quarter of 2015 in the United States and certain foreign jurisdictions.

The Company has not provided for any taxes on the unremitted earnings of its foreign subsidiaries, as the Company intends to permanently reinvest all such earnings outside of the U.S. We believe a calculation of the deferred tax liability associated with these undistributed earnings is impracticable.

Tax years 1997 through 2015 remain subject to examination by the U.S. Internal Revenue Service, with most of the years open to examination due to the generation and utilization of net operating losses. The Company files income tax returns (which are open to examination beginning in the year shown in parentheses) in Australia (2011), Belgium (2013), Brazil (2011), China (2012), France (2013), Germany (2011), India (2012), Israel (2013), Italy (2012), Japan (2011), Korea (2011), Mexico (2011), Netherlands (2011), Switzerland (2011), the United Kingdom (2014) and Uruguay (2010).

(13) Segment Information

The Company operates in one reportable business segment. The Company conducts its business through various offices and facilities located throughout the Asia Pacific region (Australia, China, India, Japan and Korea), Europe (Belgium, France, Germany, Italy, the Netherlands, Switzerland and the United Kingdom), Israel, Latin America (Brazil, Mexico and Uruguay), Russia and the United States. The Company has historically disclosed summarized financial information for the geographic areas of operations as if they were segments in accordance with ASC 280, "Segment Reporting." Financial information concerning the Company's geographical locations is based on the location of the selling entity. Such summarized financial information concerning the Company's geographical operations is shown in the following tables:

	Quarter Ended March 31,	
(in thousands)	2016	2015
Revenue from unaffiliated customers:		
Americas	$ 83,490	$ 86,262
Germany	18,882	21,250
Other EMEA	28,549	27,454
Asia Pacific	21,634	25,756
Total revenue	$ 152,555	$ 160,722

	Quarter Ended March 31,	
(in thousands)	2016	2015
Revenue by class of product and service:		
Products	$ 52,495	$ 62,715
Materials	38,469	37,107
Services	61,591	60,900
Total revenue	$ 152,555	$ 160,722

	Quarter Ended March 31, 2016				
	Intercompany Sales to				
(in thousands)	Americas	Germany	Other EMEA	Asia Pacific	Total
Americas	$ 289	$ 6,201	$ 3,265	$ 2,956	$ 12,711
Germany	634	—	451	—	1,085
Other EMEA	13,169	833	881	1,161	16,044
Asia Pacific	1,030	—	3	891	1,924
Total	$ 15,122	$ 7,034	$ 4,600	$ 5,008	$ 31,764

	Quarter Ended March 31, 2015				
	Intercompany Sales to				
(in thousands)	Americas	Germany	Other EMEA	Asia Pacific	Total
Americas	$ 480	$ 10,134	$ 5,837	$ 4,973	$ 21,424
Germany	—	—	804	—	804
Other EMEA	14,915	654	864	646	17,079
Asia Pacific	626	—	13	758	1,397
Total	$ 16,021	$ 10,788	$ 7,518	$ 6,377	$ 40,704

	Quarter Ended March 31,	
(in thousands)	2016	2015

Income (loss) from operations:		
Americas	$ (14,186)	$ (23,106)
Germany	1,011	1,840
Other EMEA	(8,118)	(1,335)
Asia Pacific	5,182	5,584
Subtotal	(16,111)	(17,017)
Intercompany elimination	(648)	(507)
Total	$ (16,759)	$ (17,524)

(in thousands)	March 31, 2016	December 31, 2015
Assets:		
Americas	$ 375,598	$ 384,054
Germany	31,942	36,782
Other EMEA	384,679	369,302
Asia Pacific	104,495	103,137
Total	$ 896,714	$ 893,275

(in thousands)	March 31, 2016	December 31, 2015
Cash and cash equivalents:		
Americas	$ 101,186	$ 98,913
Germany	9,964	3,901
Other EMEA	32,445	30,487
Asia Pacific	26,179	22,342
Total	$ 169,774	$ 155,643

(14) Commitments and Contingencies

The Company leases office space and certain furniture and fixtures under various non-cancelable operating leases. For the quarters ended March 31, 2016 and 2015, rent expense under operating leases was $3,256 and $3,204, respectively.

As of March 31, 2016 and December 31, 2015, the Company had supply commitments on printer assemblies that totaled $51,674 and $50,663, respectively.

Certain of the Company’s acquisitions contain earnout and deferred payment provisions under which the sellers of the acquired businesses can earn additional amounts. The total liability recorded for these earnouts and deferred payments at March 31, 2016 and December 31, 2015 was $10,110 and $9,832, respectively.

Put Options