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## 3D Systems Corporation Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Cliff Ransom - Ransom Research.

#### Cliff Ransom - Ransom Research

Is this is a second delay in V-Flash? Did you not pre-report these problems because you thought you might get large systems sales toward the end of the first quarter?

#### Abe N. Reichental

The V-Flash delay is, yes, a second delay as a result of expanding the field activities and discovering primarily some electrical noises in the system that we wanted to remedy before we further expand our exposure. This is not related to system performance in the sense of how it would perform in terms of building parts. It had to do with some electronic noise that we wanted to remedy immediately before too many systems got into the marketplace.

#### Cliff Ransom - Ransom Research

Has that now been remedied?

#### Abe N. Reichental

It has been remedied, it's now being worked into the all the systems that have been online and as I said we would be commencing shipments, first for hearing aid customers and then for general public.

Secondly, with regards to large-frame systems and why we have not reported this earlier, you absolutely right that, notwithstanding our best attempt to retrain and recondition the marketplace to conduct buying activities uniformly throughout the quarter, the bulk of our activities tend to happen in the second half of the quarter, and more significantly in the third month of the quarter.

And given the size and magnitude of some of these sales, it is not clear to the company until the last bit of the quarter exactly where we stand in terms of revenue, and therefore we were in no position to alert the market any earlier.

#### Operator

Your next question comes from Eric Martinuzzi - Craig-Hallum.

#### Eric Martinuzzi - Craig-Hallum

I noticed that one of the supplemental cash flow statement disclosures talks about a \$3.6 million transfer of equipment from inventory to property and equipment net. What is that equipment going to be used for?

**Damon Gregoire**

Part of that equipment is being used in our Rapid Manufacturing Center and at 3D University here in Rock Hill, that has training courses for various people along with the university. And at times we move equipment in and out of there, so we will have sold some of that equipment over the past periods, and it's just a matter of replacing it. Most of it was what was there previously.

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