

STRATASYS LTD.
AUDIT COMMITTEE CHARTER

The Board of Directors (the “**Board**”) of Stratasys Ltd. (formerly known as Objet Ltd.), an Israeli company (the “**Company**”) has constituted and established an Audit Committee (the “**Committee**”) with the authority, responsibility and specific duties that are described in this Audit Committee Charter (this “**Charter**”).

A. Purpose

The purpose of the Committee is to assist the Board in (i) the selection and retention, subject to shareholder approval, and the compensation and oversight of the Company’s independent auditor, (ii) its oversight of the integrity of the Company’s financial statements and other published financial information, (iii) monitoring the performance of the Company’s financial reporting process, (iv) monitoring the Company’s compliance with legal and regulatory requirements and corporate policies and controls, (v) determining whether there are delinquencies in the business management practices of the company, including in consultation with the Company’s internal auditor or the independent auditor, and making recommendations to the Board to improve such practices, and (vi) determining whether to approve certain related party transactions or transactions in which a Board member or executive officer has a personal interest and whether any such transaction is material. The purposes and provisions specified in this Charter are meant to serve as guidelines, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. Unless otherwise prescribed in this Charter, the rules and procedures applicable to the operation of the Board shall apply to the operation of the Committee with any necessary changes. Nothing herein is intended to expand applicable standards of liability under Israeli or U.S. federal law for directors of a company.

The Committee relies on the expertise and knowledge of management and the Company’s independent auditor in carrying out its oversight responsibilities. Management of the Company is responsible for determining that the Company’s financial statements are complete, accurate and in accordance with generally accepted accounting principles. The independent auditor is responsible for auditing the Company’s financial statements. It is not the duty of the Committee to plan or conduct audits or to determine that the financial statements are complete and accurate and in accordance with generally accepted accounting principles.

B. Membership

The membership of the Committee shall be comprised of three or more members of the Board, all of whom shall qualify as “independent directors” (or be subject to an exception) under applicable rules of the Securities and Exchange Commission (the “**SEC**”) and the NASDAQ Stock Market (the “**NASDAQ Rules**”). All “external directors” of the Company appointed under the Israeli Companies Law, 5759-1999 (the “**External Directors**” and the “**Israeli Companies Law**”, respectively) shall be members of the Committee, and the majority of the members of the Committee shall qualify as “unaffiliated directors” as defined in the Israeli Companies Law (“**Unaffiliated Directors**”).

All of the members of the Committee shall be financially literate as determined by the Board in its business judgment. At least one member of the Committee shall be an “audit committee financial expert” under the rules of the SEC and shall be financially sophisticated in accordance with the criteria promulgated under the NASDAQ Rules, as determined by the Board in its business judgment.

The Committee’s members shall be appointed by, and serve at the discretion of, the Board. Members shall serve until their successors are duly designated and qualified. Any member of the

Committee may be removed at any time, with or without cause, by a resolution of the Board. Subject to applicable law, any vacancy on the Committee occurring for any cause whatsoever may be filled by a resolution of the Board. Notwithstanding the forgoing, the following persons shall not serve as members of the Committee: (i) the Chairman of the Board then in office; (ii) any member of the Board who is employed by the Company, by any Controlling Shareholder (as such term is defined under the Israeli Companies Law) of the Company or by a corporation under the Control (as such term is defined under the Israeli Companies Law) of any such Controlling Shareholder; (iii) any member of the Board who provides services to the Company (other than as a Board member), to any Controlling Shareholder thereof or to a corporation under the Control of a Controlling Shareholder; (iv) any director whose livelihood is dependent upon any Controlling Shareholder; and (v) any Controlling Shareholder of the Company or any of his, her or its Relatives (as such term is defined under the Israeli Companies Law).

The Committee's chairperson shall be designated by the Committee, unless decided otherwise by the Board, and shall be an External Director. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee, *provided, however*, that the majority of those members present shall qualify as Unaffiliated Directors and that at least one of those Unaffiliated Directors present shall be an External Director.

C. Meetings

The Committee shall meet at least once every fiscal quarter or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information, as necessary. The Committee shall, at such times as it deems appropriate, meet separately with management, the internal auditor, representatives of the internal auditing department or the independent auditor to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. It is the responsibility of the Committee to maintain free and open communication among the Committee, the independent auditor, the internal auditor and management of the Company. Notwithstanding the forgoing, any person who is, pursuant to the Israeli Companies Law, forbidden from serving as a member of the Audit Committee, shall not be present at any meeting of the Committee (during its discussions or its decision making), unless the Committee's chairperson has determined that such person is required during the presentation of a certain topic to the Committee, *provided, however*, that an employee of the Company, who is not a Controlling Shareholder or Relative thereof, is permitted to be present for the discussions, but not the decision making, that take place at a meeting, and *provided, furthermore*, that the Company's legal counsel and the Company's secretary, who are not Controlling Shareholders or Relatives thereof, are permitted, if the Committee so requests, to be present at a meeting (during discussions or decision making).

The Company's internal auditor shall be provided with notices of all meetings of the Committee, and the Company's independent auditor shall be provided with notice of meetings in which a matter related to the audit of the financial statements of the Company is to be discussed, and shall be entitled to attend such meetings, subject to a determination by the Committee to exclude it from all or any part of the meeting to the extent permitted under applicable law. The internal auditor may request that the chairperson of the Committee call a meeting in order to discuss a matter detailed in his or her request for a meeting, and the chairperson shall call the meeting within a reasonable time, if the chairperson so deems it appropriate, at his or her discretion.

The Committee shall have the power to retain, without Board approval and at the Company's expense, and terminate the services of, as it deems appropriate, outside counsel and other experts and consultants to assist the Committee in connection with its responsibilities, and shall have the sole authority to approve such firms' fees and other retention terms.

The Committee may delegate its authority to subcommittees established from time to time by the Committee, which subcommittees shall consist of one or more members of the Committee and shall report to the Committee.

D. Responsibilities

Independent Auditor:

1. The Committee shall retain and, if appropriate, terminate the Company's independent auditor subject to approval by the Board and, in the case of retention, by the Company's shareholders as well. In making its determination regarding the retention or termination of the independent auditor and otherwise as it deems necessary, the Committee shall:

a. (i) at least annually, obtain and review a written report by the independent auditor describing (a) the firm's internal quality-control procedures; and (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting any independent audit carried out by the firm, and any steps taken to deal with any such issues, and (ii) review the independent auditor's work throughout the year, including obtaining the opinions of management; and

b. receive written statements from the independent auditor delineating all relationships between the independent auditor and the Company, discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, and recommend any appropriate actions to be taken.

2. The Committee shall pre-approve all audit and all permitted non-audit services, and related fees and terms, to be provided to the Company by the independent auditor under applicable law and regulations. The pre-approval of auditing and non-auditing services can be carried out with input from, but no delegation of authority to, management. The Committee shall discuss with management the timing and process for the rotation of the lead audit partner and the reviewing partner as required by applicable law and rules.

3. The Committee shall establish policies for hiring employees or former employees of the independent auditor in accordance with applicable law and regulations.

Internal Accounting and Financial Controls:

1. The Committee shall review with management, the internal auditor and the independent auditor, the Company's policies and procedures related to the adequacy of internal accounting and financial controls.

2. The Committee shall evaluate whether management is effectively communicating to employees and other persons retained by the Company the importance of internal accounting and financial control effectiveness.

3. The Committee shall determine whether internal accounting and financial control improvement recommendations made by the internal auditor and the independent auditor have been appropriately implemented in a timely manner by management.

Financial Reporting:

1. The Committee shall review with the independent auditor: (i) the scope and results of its annual audit of the Company's financial statements; (ii) any problems or difficulties that the auditor

encountered in the course of the audit work, and management's response; and (iii) any questions, comments or suggestions that the auditor may have relating to the internal controls, and accounting practices and procedures, of the Company.

2. The Committee shall periodically review and discuss with management and the independent auditor significant accounting and reporting issues, including financial reporting pronouncements and proposals, and understand their impact on the Company's financial statements.

3. The Committee shall review with management and the independent auditor the annual and quarterly financial statements of the Company, including: the Company's disclosures under "Operating and Financial Review and Prospects" or "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and any material changes in accounting principles or practices used in preparing the financial statements prior to the filing of an annual report on Form 20-F or 10-K with the SEC.

4. The Committee shall discuss with the independent auditor the matters required by: (i) in the case of the annual financial statements, Statement on Auditing Standards No. 61, relating to the conduct of the audit, including any difficulties encountered in the course of the audit effort, restrictions on the scope of procedures or access to requested information and any significant disagreements with management; and (ii) in the case of the quarterly financial statements, Statement of Auditing Standards 100, as in effect at that time.

5. The Committee shall discuss with management generally the types of financial information (including earnings guidance) to be disclosed in earnings press releases and earnings calls, as well as to analysts and rating agencies.

6. The Committee shall receive periodic reports from the independent auditor regarding:

a. critical accounting policies and practices;

b. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent auditor; and

c. other material written communications between the independent auditor and management, including any management letter or schedule of adjusted differences.

7. The Committee shall review and discuss with the independent auditor, the independent auditor's judgments as to the quality, not just the acceptability, of the Company's accounting principles.

8. The Committee shall discuss with the independent auditor, prior to the annual audit, the planning and staffing of the audit.

9. The Committee shall review with the Company's general counsel or outside legal counsel legal and regulatory matters that could have a material impact on the financial statements.

10. The Committee shall establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and review any complaints or concerns received pursuant to such procedures.

11. The Committee shall review with management, the internal auditor and the independent auditor (i) the policies and guidelines that govern the process by which risk assessment and risk

management is undertaken by the Company, (ii) the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, and (iii) the processes followed for assessment of internal controls under Section 404 of the Sarbanes-Oxley Act of 2002.

12. The Committee shall review with management and the independent auditor the risks of material misstatements due to fraud, and the process and controls implemented by the Company to manage the risks.

13. The Committee shall meet periodically (not less than annually) in separate executive session with the Company's Chief Financial Officer and Chief Executive Officer.

Internal Auditor:

1. The Committee shall recommend to the Board the retention or termination of the internal auditor, and the internal auditor's engagement fees and terms, in accordance with the Israeli Companies Law.

2. The Committee shall review the internal audit function, including its independence, effectiveness, proposed control review plans and resources for the coming year (determining whether the internal auditor has sufficient resources and tools to dispose of its responsibilities, taking into consideration the Company's special needs and size), and the coordination of such plans with the independent public accountant.

3. The Committee shall approve the yearly or periodic work plan proposed by the internal auditor, to the extent necessary.

Legal Compliance:

1. The Committee shall review and monitor, as appropriate, (i) litigation or other legal matters that could have a significant impact on the Company's financial results, (ii) significant findings of any examination by regulatory authorities or agencies, in the areas of securities, accounting or tax, and (iii) the Company's disclosure controls and procedures. The Committee shall be fully entitled to rely on reports that it receives and shall be under no obligation to conduct any independent investigation or verification.

2. The Committee shall receive reports of suspected business irregularities and legal compliance issues through periodic and, when appropriate, immediate reporting by members of the Company's management, legal counsel or the independent or internal auditors. In the event that the Committee is informed of any irregularities, it will suggest to the Board remedial courses of action. The Committee shall be fully entitled to rely on reports that it receives and shall be under no obligation to conduct any independent investigation or verification.

Other Responsibilities:

1. The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for consideration and approval.

2. The Committee shall conduct an annual self-performance evaluation of the Committee.

3. The Committee shall review and consider the approval of related party transactions and transactions involving an "office holder" of the Company (as defined in the Israeli Companies Law) that may present a conflict of interest between the duties of such office holder to the Company and his or her personal interests, in each case in accordance with the NASDAQ Rules, the Israeli Companies Law or as referred by the Board (each, a "**Related Party Transaction**").

In order to assist it in carrying out such role, the Committee shall apply criteria for classification of transactions and actions as extraordinary transactions and material actions and shall classify certain transactions or actions accordingly, and, if involving conflicts of interests or Related Party Transactions, shall review and consider their approval, in accordance with the Israeli Companies Law.

4. The Committee shall conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

5. The Committee shall bear any other responsibility designated for it by the Israeli Companies Law, the NASDAQ Rules and the SEC rules and regulations, as may be amended from time to time.

E. Reporting

1. The Committee will apprise the Board regularly of significant developments in the course of performing the above responsibilities and duties. Without derogating from the aforesaid, the Committee shall submit any recommendation or resolution which is subject to Board approval a reasonable time prior to the contemplated Board meeting.