

**CHARTER OF THE COMPENSATION
COMMITTEE OF THE BOARD OF DIRECTORS
OF
STRATASYS, INC.**

Effective May 8, 2008

I. Purpose

The Compensation Committee (the "Committee") shall report to, assist and consider and make recommendations to the Board of Directors (the "Board") regarding the matters set forth in this Charter.

II. Membership

- A. The Committee shall consist of not fewer than three members of the Board.
- B. Each member of the Committee in the judgment of the Board shall be (i) independent in accordance with the Nasdaq Stock Market listing standards, (ii) a "Non-employee Director" for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (iii) an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code.
- C. Members of the Committee and its Chair shall be appointed by a resolution of the majority of independent directors.

III. Authority and Responsibilities

A. Scope

This Committee shall have direct responsibility to:

- 1. Discharge the Board's responsibilities relating to compensation of the Company's Board of Directors and executive officers, including to review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer (the "CEO"), evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve the CEO's compensation based on this evaluation;
- 2. Make recommendations to the Board with respect to non-CEO executive officer compensation, and incentive-compensation and equity-based plans that are subject to Board approval;

3. Produce a compensation committee report on executive officer compensation as required by the SEC to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC; and
4. Conduct an annual performance evaluation of the Committee.

In fulfilling its purposes, the Committee shall undertake those tasks and responsibilities that, in its judgment, would most effectively contribute to and implement the purposes of the Committee, including those specifically listed in this Charter.

The Committee shall have and may exercise all of the powers and authority of the Board in connection with the performance of its duties and responsibilities under this Charter, including, without limitation, the authority to call upon the Company's officers and employees or outside consultants for such assistance and support as it deems appropriate, and to institute and carry out investigations of improprieties or such other matters as it deems necessary.

The Committee shall have the authority to delegate any of its powers and authority to one or more subcommittees.

B. Functions

1. Compensation Structure and Philosophy. The Committee shall examine the compensation structure of the Company periodically to determine whether the Company is rewarding its executive personnel in a manner consistent with sound business practices and, in connection with such review, determine the compensation philosophy for the Company. Among other things, the compensation structure should:
 - (a) Align the interests of the Company's Board of Directors, executives and stockholders by implementing and maintaining compensation programs that provide for the acquisition and retention of Company shares by senior executives;
 - (b) Reinforce a results-oriented management culture with executive pay that varies according to overall Company and individual performance against business goals and core behavioral standards; and
 - (c) Provide an executive compensation package that attracts, retains, and motivates key executives.

The Committee shall also develop and maintain a program covering long-range plans for executive compensation for further consideration by the Board. The Committee shall review and approve the list of a peer

group of companies to which the Company shall compare itself for compensation purposes.

2. CEO Compensation. The Committee shall review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee shall consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEO's at comparable companies, and the awards given to the Company's CEO in past years.
3. Compensation Plans. The Committee shall review and provide oversight and shall have the right to establish, administer, amend or terminate, and otherwise act for and on behalf of the Board with respect to the executive compensation, incentive and deferred compensation, and equity-based compensation plans and programs of the Company and affiliated companies (the "Compensation Plans"), including other similar compensation plans the Committee deems desirable to establish, terminate or amend from time to time.

The Committee shall review and make recommendations with respect to performance or operating goals for participants in the Company's Compensation Plans. The Committee has the full and final authority to fix the salaries of all the officers of the Company and, when deemed appropriate, to authorize the execution and delivery of employment contracts with any of such officers.

4. Employee Benefit Plans. The Committee shall review and provide oversight and shall have the right to establish, administer, amend or terminate, and shall otherwise act for and on behalf of the Board with respect to, the employee benefit plans of the Company and affiliated companies including both welfare and pension plans (the "Benefit Plans"), including any supplemental Benefit Plans, and any other similar plans or arrangements.
5. Other Plans and Arrangements. The Committee shall review and provide oversight and shall have the right to establish, administer, amend or terminate, and shall otherwise act for and on behalf of the Board with respect to, change of control and severance arrangements, employment contracts, special retirement programs and any other similar plans or arrangements that the Committee deems desirable in the best interests of the Company to establish from time to time.
6. Consultants and Advisors. The Committee has the sole authority to retain and terminate any consultants to assist in the evaluation of Board,

CEO, executive officer and senior management compensation or Company Compensation Plans or Benefit Plans generally and shall have sole authority to approve the fees and other retention terms of such consultants. The Committee may rely upon advice rendered by such consultants as so selected by the Committee. The Committee shall also have authority to obtain advice and assistance from internal and external legal, accounting or other advisors.

7. Self-Evaluation. On an annual basis, the Committee shall conduct a self-evaluation of its performance in fulfilling its duties and responsibilities under this Charter.
8. Management Review. The Committee shall review the duties and functions of senior executives and make recommendations to the Board for changes to the reporting responsibilities of corporate officers and other senior executives and management structure. The Committee shall review annually with the Chairman and Chief Executive Officer the job performance of elected corporate officers and other senior executives.