As filed with the Securities and Exchange Commission on November 14, 2000
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ALIGN TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

Delaware	3843	94-3267295
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

851 Martin Avenue, Santa Clara, California 95050, (408) 470-1000
(Address, including zip code, and telephone number, including area code, of the registrant's principal executive offices)

Zia Chishti
Chief Executive Officer
Align Technology, Inc.
851 Martin Avenue, Santa Clara, California 95050, (408) 470-1000
(Name and address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

John W. Larson, Esq. Patrick J. Shea, Esq. Jeanine M. Larrea, Esq. Mark C. Hornor, Esq. BROBECK, PHLEGER & HARRISON LLP One Market Spear Street Tower San Francisco, CA 94105 (415) 442-0900	John T. Sheridan, Esq. Richard S. Au, Esq. Carolynn W. Jones, Esq. WILSON SONSINI GOODRICH & ROSATI, P.C. 650 Page Mill Road Palo Alto, CA 94304-1050 (650) 493-9300

As soon as practicable after the effective date of this Registration Statement.
(Approximate date of commencement of proposed sale to the public)

If the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [_]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, $0.0001 par value.....	$200,000,000	$52,800

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o).
(2) Includes amount subject to the over-allotment option granted to the underwriters.

The Registrant hereby amends this Registration Statement on such date or

dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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+The information in this preliminary prospectus is not complete and may be   +
+changed. These securities may not be sold until the registration statement   +
+filed with the Securities and Exchange Commission becomes effective. This   +
+preliminary prospectus is not an offer to sell these securities nor does it   +
+seek offers to buy these securities in any jurisdiction where the offer or   +
+sale is not permitted.   +
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Subject to Completion, Dated November 14, 2000

Filed Pursuant to Rule 424(b)(4)
Registration No. 333-37020

Align Technology, Inc.

Shares	
Common Stock	

This is the initial public offering of Align Technology, Inc. and we are offering shares of our common stock. We anticipate that the initial public offering price will be between $ and $ per share. We have applied to list our common stock on the Nasdaq National Market under the symbol "ALGN."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 6.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Align
Per share	$	$	$
Total	$	$	$

We have granted the underwriters the right to purchase up to additional shares to cover over-allotments.

Deutsche Banc Alex. Brown

Bear, Stearns & Co. Inc.

J.P. Morgan & Co.

Robertson Stephens

The date of this prospectus is , 2000

Description of artwork

Inside front cover page:

Middle top: "Align Technology, Inc. Presents Invisalign, A New Way To Straighten Teeth Without Braces"

Middle center: Invisalign mark

Middle center: Align logo

Middle bottom: Graphic of hand holding Aligner between thumb and forefinger.

Inside foldout:

Center of Page: Close-up of smiling woman wearing an Aligner--surrounded by various smaller graphics and captions as listed below.

Moving from top center left clockwise: Graphic: two smiling faces, facing each other displaying teeth. One of the smiles is wearing braces, the other is wearing an Aligner. Caption: "Both of these people are straightening their teeth."

Top right corner: Graphic: three pictures of smiling people. Caption: "Which of these people is wearing Invisalign? They all are."

Right of page: Graphic: three pairs of before and after pictures with numbers 1, 2, 3. Caption: "Invisalign Aligners effectively straighten teeth more gently and comfortably than braces."

Bottom right corner: Align logo and Invisalign mark

Bottom center: Graphic: three pictures of a woman placing an Aligner on her teeth. Caption: "Invisalign Aligners are removable and nearly invisible."

Bottom left: Graphic: hand holding an Aligner between thumb and forefinger. Caption: "A series of clear, removable Invisalign Aligners is custom manufactured to match each stage of treatment."

Left center of page: Graphic: computer graphic of human dentition. Caption: "Our proprietary software, ClinCheck, lets orthodontists visualize their treatment plans by projecting how the teeth will move over time."

Left center of page: Graphic: impression of human dentition. Caption: "The impression is scanned into our 3-D graphics computers."

Left top of page: Graphic: impression of human dentition. Caption: "Treatment begins when the orthodontist makes an impression."

SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary may not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus, including "Risk Factors" and the financial statements, before making an investment decision.

Our Company

We design, manufacture and market the Invisalign System, a proprietary new method for treating malocclusion, or the misalignment of teeth. The System corrects malocclusion using a series of clear, removable appliances that gently move teeth to a desired final position. Because it does not rely on the use of metal or ceramic brackets and wires, the System significantly reduces the aesthetic and other limitations associated with braces. The Invisalign System also offers orthodontists a new means of carrying out their diagnosis and treatment planning processes. We believe the Invisalign System has the potential to transform the traditional practice of orthodontics by appealing to people who would not otherwise seek treatment.

In the U.S. alone, over 200 million individuals have some form of malocclusion. Each year, less than one percent of these individuals, or approximately two million Americans, enter orthodontic treatment, spending approximately $7 billion in aggregate. We believe the Invisalign System is a compelling treatment alternative for most of the patients who would seek traditional orthodontic treatment. In addition, given the significant benefits of our System, we have the opportunity to expand the U.S. orthodontic market by addressing the needs of millions of individuals who would not otherwise seek treatment. Further, we believe the international opportunity is larger than the U.S. opportunity.

We received FDA clearance to market the Invisalign System in 1998 and started commercial sales of the System in July 1999. Our 510(k) clearance from the FDA allows us to market the Invisalign System to treat patients with any type of malocclusion. We voluntarily restrict the use of the Invisalign System to adults and adolescents with mature dentition and who are otherwise suitable for treatment, a group that represents approximately 130 million people in the U.S. Currently, we do not treat children whose teeth and jaws are still developing, as the effectiveness of the Invisalign System relies on our ability to accurately predict the movement of teeth over the course of treatment. Based on our clinical studies to date, we recommend that orthodontists use the Invisalign System as a complete treatment for mild and moderate malocclusions and as a component of treatment for unusually severe malocclusions.

As of October 2000, we had trained more than 5,300 orthodontists to use the Invisalign System, representing over 60% of all U.S. and Canadian orthodontists. To date, over 7,600 patients have commenced treatment with the Invisalign System, including more than 1,000 patients in September 2000.

Our objective is to establish the Invisalign System as the standard method for treating orthodontic malocclusion. Our sales and marketing efforts focus on educating both consumers and orthodontists on the significant benefits of the System. We continue to train orthodontists and work with them to increase the use of the Invisalign System within their practices. We recently initiated a national advertising campaign to create awareness of the Invisalign System as a treatment alternative and to stimulate demand for treatment with the System.

The Invisalign System

The Invisalign System has two components: ClinCheck and Aligners. ClinCheck is an Internet-based application that allows orthodontists to simulate treatment in three dimensions by modeling two-week stages of tooth movement. Aligners are thin, clear plastic, removable dental appliances that correspond to each stage of the ClinCheck simulation. Each custom-fabricated Aligner is worn over the teeth for two weeks before being disposed of and replaced by the next Aligner, until the last Aligner in the series is worn and treatment is complete.

The Invisalign System addresses many of the significant limitations of conventional braces. Braces call attention to the patient's condition and treatment and are often identified with adolescence. Braces are uncomfortable and at times painful. Braces trap food and make it more difficult to brush and floss.

By contrast, Aligners are nearly invisible when worn. Aligners move teeth more gently than braces and are made of smooth polymer rather than sharp metal, making them substantially more comfortable and less abrasive. Patients can remove Aligners to eat, brush and floss, improving oral hygiene.

The Invisalign System is straightforward for orthodontists to learn and to use, since the System relies on the same biomechanical principles that underlie traditional orthodontic treatment. Our initial certification training is generally completed in a one day workshop, and orthodontists can be equipped to submit cases immediately thereafter with minimal financial outlay.

We believe our Invisalign System provides orthodontists with an opportunity to substantially increase the profitability of their practices. The Invisalign System allows orthodontists to broaden their patient base by offering a new, attractive treatment alternative to people who would not otherwise elect treatment. We believe that orthodontists using the System have generally been able to command a premium over the fees charged for conventional treatment. In addition, since our System eliminates many time-intensive activities associated with conventional treatment, orthodontists are able to reduce the time spent on each case and, accordingly, increase practice capacity.

The Offering

Common stock offered by Align Technology....	shares
Common stock to be outstanding after this offering.....	shares
Use of proceeds.....	Expansion of manufacturing capacity, advertising and other sales and marketing activities, research and development, working capital and general corporate purposes. See "Use of Proceeds."
Proposed Nasdaq National Market symbol.....	ALGN

The number of shares of common stock to be outstanding upon completion of this offering is based on the number of shares outstanding as of September 30, 2000. This number assumes the conversion into common stock of all of our preferred stock outstanding on that date, including the sale of 718,355 shares of Series D preferred stock issued in October 2000, which converts into 733,194 shares of common stock, and excludes:

- 2,155,998 shares of common stock issuable upon exercise of outstanding options at a weighted average exercise price of $1.59 per share;
- 322,917 shares of common stock issuable upon exercise of outstanding warrants to purchase preferred stock, or common stock upon the completion of this offering, at a weighted average exercise price of $3.87 per share;
- 1,177,621 shares of common stock available for grant under our 1997 Equity Incentive Plan;
- 2,700,000 shares of common stock reserved for issuance under our 2001 Stock Incentive Plan; and
- 500,000 shares of common stock to be reserved for issuance under our Employee Stock Purchase Plan upon completion of the offering.

Unless otherwise indicated, the information in this prospectus assumes:

- the conversion of all outstanding shares of preferred stock into common stock upon the closing of this offering, taking into account the Series D preferred stock antidilution conversion price adjustment described in "Certain Transactions--Preferred Stock Sales;" and
- no exercise of the underwriters' over-allotment option.

Summary Consolidated Financial Data
(in thousands, except per share data)

	Period from April 3, 1997 (date of inception) to December 31, 1997	Year Ended December 31, 1998	Year Ended December 31, 1999	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 2000
				(unaudited)	
Statement of Operations Data:					
Revenue	$ --	$ --	$ 411	$ 77	$ 3,236
Cost of revenue	--	--	1,754	357	11,313
Gross loss	--	--	(1,343)	(280)	(8,077)
Operating expenses:					
Sales and marketing	283	133	5,688	2,726	19,664
General and administrative	--	2,344	3,474	2,000	12,349
Research and development	405	1,474	4,200	3,068	5,904
Total operating expenses	688	3,951	13,362	7,794	37,917
Loss from operations	(688)	(3,951)	(14,705)	(8,074)	(45,994)
Interest and other income (expense), net	24	176	(710)	(499)	(7,317)
Net loss	(664)	(3,775)	(15,415)	(8,573)	(53,311)
Dividend related to beneficial conversion feature of preferred stock	--	--	--	--	(44,150)
Net loss available to common stockholders	$ (664)	$(3,775)	$(15,415)	$(8,573)	$(97,461)
Net loss per share available to common stockholders, basic and diluted	$(0.86)	$ (2.66)	$ (7.31)	$ (4.22)	$ (35.87)
Shares used in computing net loss per share available to common stockholders, basic and diluted	771	1,421	2,109	2,030	2,717
Pro forma net loss per share available to common stockholders, basic and diluted (unaudited)			$ (1.85)		$ (4.22)
Shares used in computing pro forma net loss per share available to common stockholders, basic and diluted (unaudited)			8,339		12,635

	September 30, 2000		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)
Balance Sheet Data:			
Cash, cash equivalents and marketable securities	$ 37,867	$53,079	
Working capital	47,758	62,970	
Total assets	75,567	90,779	
Long term obligations, net of current portion	1,569	1,569	
Convertible preferred stock and warrants	115,708	--	
Total stockholders' equity (deficit)	(56,086)	74,834	

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(1) The pro forma column reflects the sale of 718,355 shares of Series D preferred stock in October 2000 at an offering price of $21.25 less estimated offering expenses of $53,000, and the conversion of all outstanding shares of preferred stock, including the 718,355 shares of Series D preferred stock issued in October 2000, into 12,990,503 shares of common stock effective upon the closing of this offering.

(2) The pro forma, as adjusted column reflects the sale of shares of our common stock in the public offering at an assumed initial public offering price of $ per share, after deducting underwriting discounts, commissions and estimated offering expenses.

We incorporated in Delaware on April 3, 1997. We are located at 851 Martin Avenue, Santa Clara, California, 95050 and our telephone number is (408) 470-1000. Our website is located at www.invisalign.com. The information on our website is not incorporated into and is not intended to be a part of this prospectus.

ClinCheck(R) is our registered trademark. We have filed applications for several trademarks with the U.S. Patent and Trademark Office, including Invisalign and Invisalign System, as well as the Invisalign System logo and the Align logo. Trademarks, trade names and service marks of other companies appearing in this prospectus are the property of the respective holders. Use or display by Align of other parties' trade names, trademarks or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship of Align by, the trade name, trademark or service mark owners.

RISK FACTORS

Any investment in our common stock involves a high degree of risk. You should consider carefully the following information about these risks, together with the other information contained in this prospectus, before you decide whether to buy our common stock. If any of the following risks actually occur, our business, results of operations and financial condition could suffer significantly. In any such case, the market price of our common stock could decline, and you may lose all or part of the money you paid to buy our common stock.

Risks Related to Our Business

Since we have a history of losses and negative cash flows, and we expect our operating expenses to continue to increase, we may not achieve or maintain profitability in the future.

We have incurred significant operating losses and have not achieved profitability. We have incurred net losses of $73.2 million for the period from our inception in April 1997 through September 30, 2000, including a net loss of $15.4 million in 1999 and $53.3 million for the nine months ended September 30, 2000. We incurred negative cash flows of $11.6 million from operating activities in 1999 and $31.2 million for the nine months ended September 30, 2000. From inception through July 2000, we have spent significant funds in organizational and start-up activities, to recruit key managers and employees, to develop the Invisalign System and to develop our manufacturing and customer support resources. We have also spent significant funds on clinical trials and training programs to train orthodontists in the use of the Invisalign System. We expect to have increasing net losses and negative operating cash flows for at least the next two years.

We intend to increase our operating expenses as we continue to:

- scale our manufacturing operations;
- develop new software and increase the automation of our manufacturing processes;
- execute our national direct to consumer marketing campaign;
- increase the size of our sales force and orthodontist training staff;
- undertake quality assurance and improvement initiatives; and
- increase our general and administrative functions to support our growing operations.

As a result, we will need to increase our revenue significantly, while controlling our expenses, to achieve profitability. It is possible that we will not achieve profitability, and even if we do achieve profitability, we may not sustain or increase profitability in the future.

We have a limited operating history and expect our future financial results to fluctuate significantly, which may cause our stock price to decline.

We were incorporated in April 1997 and have only recently begun selling our Invisalign System in commercial quantities. Thus, we have a limited operating history which makes an evaluation of our future prospects and your investment in our stock difficult. In addition, we expect our future quarterly and annual operating results to fluctuate as we increase our commercial sales. These fluctuations could cause our stock price to decline. Some of the factors that could cause our operating results to fluctuate include:

- changes in the timing of product orders;
- unanticipated delays in production caused by insufficient capacity or in the introduction of new production processes;

- inaccurate forecasting of revenue, production and other operating costs; and

- the development and marketing of directly competitive products by potential competitors.

To respond to these and other factors, we may need to make business decisions that could adversely affect our operating results. Most of our expenses, such as employee compensation and lease payment obligations, are relatively fixed in the short term. Moreover, our expense levels are based, in part, on our expectations regarding future revenue levels. As a result, if our revenue for a particular period fall below our expectations, we may be unable to adjust spending quickly enough to offset any unexpected shortfall in revenue growth or any decrease in revenue levels.

Due to these and other factors, we believe that quarter-to-quarter comparisons of our operating results may not be meaningful. You should not rely on our results for any one quarter as an indication of our future performance.

If orthodontists do not adopt our Invisalign System in sufficient numbers or as rapidly as we anticipate, our operating results will be harmed.

To date, a substantial portion of our cases and revenue have been derived from a limited number of orthodontists. Our success depends upon increasing acceptance by orthodontists and dentists of the Invisalign System. The Invisalign System requires orthodontists and their staff to undergo special training and learn to interact with patients in new ways and to interact with us as a supplier. In addition, because our Invisalign System has only been in clinical testing since July 1997 and commercially available since July 1999, orthodontists may be reluctant to adopt it until more historical clinical results are available. Also, increasing adoption by orthodontists will depend on factors such as the capability, safety, efficacy, ease of use, price, quality and reliability of our products and our provision of effective sales support, training and service. In the future, unanticipated poor clinical performance of the Invisalign System could result in significant adverse publicity and consequently in reduced acceptance by orthodontists. If our Invisalign System does not achieve growing acceptance in the orthodontic and dental communities, our operating results will be harmed.

If consumers do not adopt our Invisalign System in sufficient numbers or as rapidly as we anticipate, our operating results will be harmed.

Our Invisalign System represents a significant change from traditional orthodontic treatment, and patients may be reluctant to accept it or may not find it preferable to conventional treatment. In addition, patients may not comply with recommended treatment guidelines which could compromise the effectiveness of their treatment. Patient acceptance will depend in part upon the recommendations of dentists and orthodontists, as well as other factors including effectiveness, safety, reliability, improved treatment aesthetics and greater comfort and hygiene compared to conventional orthodontic products. Furthermore, consumers may not respond to our direct marketing campaigns or we may be unsuccessful in reaching our target audience. If consumers prove unwilling to adopt our Invisalign System as rapidly or in the numbers that we anticipate, our operating results will be harmed.

Our success depends in part on our proprietary technology and if we are unable to successfully enforce our intellectual property rights, our competitive position may be harmed.

Our success will depend in part on our ability to maintain existing intellectual property and to obtain and maintain further intellectual property protection for our products, both in the

U.S. and in other countries. Our inability to do so could harm our competitive position. We have one issued U.S. patent, 46 pending U.S. applications, of which two are allowed and nine are provisional applications. We have two foreign-issued patents and 111 pending foreign applications. We intend to rely on our portfolio of issued and pending patent applications in the U.S. and in other countries to protect a large part of our intellectual property and our competitive position. However, our currently pending or future patent applications may not issue as patents. Additionally, any patents issued to us may be challenged, invalidated, held unenforceable or circumvented. In addition, our intellectual property rights may not be sufficiently broad to prevent third parties from producing competing products similar in design to our products. We also believe that foreign patents and the protection afforded by such foreign patents and foreign intellectual property laws, may be more limited than that provided under U.S. patents and intellectual property laws.

We also rely on protection of trade secrets, know-how and confidential and proprietary information. We generally enter into confidentiality agreements with our employees, consultants and our collaborative partners upon commencement of a relationship with us. However, these agreements may not provide meaningful protection against the unauthorized use or disclosure of our trade secrets or other confidential information and adequate remedies may not exist if unauthorized use or disclosure were to occur. The exposure of our trade secrets and other proprietary information would impair our competitive advantages and could have a material adverse effect on our operating results, financial condition and future growth prospects. Further, other parties may independently develop substantially equivalent know-how and technology.

If we infringe the patents or proprietary rights of other parties, our ability to grow our business will be severely limited.

Extensive litigation over patents and other intellectual property rights is common in the medical devices industry. We have been sued for infringement of another party's patent in the past and, while that action has been dismissed, we may be the subject of patent or other litigation in the future.

In January 2000, Ormco Corporation filed suit against us asserting an infringement of U.S. Patent Nos. 5,447,432 and 5,683,243. The complaint sought unspecified monetary damages and equitable relief. In March 2000, we answered the complaint and asserted counterclaims seeking a declaration, among other things, by the court of non-infringement and invalidity of the asserted patents. In June 2000, we entered into a Stipulation of Dismissal with Ormco in which Ormco agreed not to recommence suit against us on either of the two asserted patents for a period of two years. However, in the event that Ormco is issued a patent which it believes is infringed by the Invisalign System, it may commence suit after the one year anniversary of the stipulation of dismissal. If Ormco were to bring such an action concerning as yet unissued patents after one year, the Stipulation of Dismissal would allow Ormco to include in such an action claims involving U.S. Patent Nos. 5,447,432 and 5,683,243. No assurance can be given that Ormco will not bring another action against us or, that if brought, it will not be successful. If successful, it could result in significant monetary damages or other penalties against us. It is possible that, depending on the scope of any new patents that are issued to Ormco, Ormco will bring another patent action after a period of one year has passed.

From time to time, we have received and may again receive letters from third parties drawing our attention to their patent rights. While we do not believe that we infringe any valid and enforceable rights which have been brought to our attention, there may be other more pertinent rights of which we are presently unaware. The defense and prosecution of

intellectual property suits, interference proceedings and related legal and administrative proceedings could result in substantial expense to us and significant diversion of effort by our technical and management personnel. An adverse determination in a patent suit by Ormco or any other litigation or interference proceedings to which we may become a party could subject us to significant liabilities to Ormco or any other person who brings such an action, could put our patents at risk of being invalidated or interpreted narrowly or require us to seek licenses from third parties which may not be available on commercially reasonable terms or at all.

We have limited experience in manufacturing our products and if we encounter manufacturing problems or delays, our ability to generate revenue will be limited.

We have manufactured a limited number of our products to date. Our manufacturing processes rely on complex three-dimensional scanning, geometrical manipulation and modeling technologies that have historically not been used on the scale we require. Each item that we manufacture is geometrically unique and we have not manufactured our products in the commercial volumes which will be required to make us profitable. Accordingly, we may be unable to establish or maintain reliable, high-volume manufacturing capacity. Even if this capacity can be established and maintained, the cost of doing so may increase the cost of our products. We may encounter difficulties in scaling up production to meet demand, including:

- problems involving production yields;
- shortages of key manufacturing equipment;
- shortages of qualified personnel, in particular dental and orthodontic personnel;
- failure to develop new software processes; and
- compliance with applicable Quality System regulations enforced by the Food and Drug Administration, or FDA.

Our manufacturing process is complex. Since all our products are designed for individual patients, we manufacture our products to fill purchase orders rather than maintaining inventories of assembled products. If demand for our products exceeds our manufacturing capacity, we could develop a substantial backlog of customer orders. If we are unable to establish and maintain larger-scale manufacturing capabilities, our ability to generate revenue will be limited and our reputation in the marketplace would be damaged.

We currently rely on third parties to provide key inputs to our manufacturing process, and if our access to these inputs is diminished, our business may be harmed.

We currently outsource key portions of our manufacturing process. We rely on a third party manufacturer in Mexico to fabricate Aligners and to ship the completed product to customers. In addition, third party rapid prototyping bureaus fabricate some molds from which the Aligners are formed. As a result, if any of our third party manufacturers fail to deliver their components or if we lose their services, we may be unable to deliver our products in a timely manner and our business may be harmed. Finding substitute manufacturers may be expensive, time-consuming or impossible. Although we are in the process of developing the capability to fabricate all molds and Aligners internally, we may not be successful and may continue to rely on outsourcing in the future.

In addition, we are highly dependent on manufacturers of specialized scanning equipment, rapid prototyping machines, resin and other advanced materials. We maintain single supply relationships for many of these machines and materials technologies. Our rapid growth may exceed the capacity of these manufacturers to produce the needed equipment and materials in

sufficient quantities to support our growth. In the event of delivery delays or shortages of these items, our business and growth prospects may be harmed.

We are dependent on our international manufacturing operations, which exposes us to foreign operational and political risks that may harm our business.

Two of our key production steps are performed in manufacturing operations located outside the U.S. We currently rely on our manufacturing facilities in Pakistan to create virtual treatment plans with the assistance of sophisticated software. We employ approximately 550 people in Lahore, Pakistan in this effort. We anticipate that we will need to expand our personnel and facilities in Pakistan in order to scale our manufacturing operations. In addition, we rely on third party manufacturers in Mexico to fabricate Aligners and to ship the completed product to customers. Our reliance on international operations exposes us to risks and uncertainties, including:

- difficulties in staffing and managing international operations;
- controlling quality of manufacture;
- political, social and economic instability;
- interruptions and limitations in telecommunication services;
- product or material transportation delays or disruption;
- trade restrictions and changes in tariffs;
- import and export license requirements and restrictions;
- fluctuations in currency exchange rates; and
- potential adverse tax consequences.

If any of these risks materialize, our operating results may be harmed.

We are growing rapidly, and our failure to manage this growth could harm our business.

We have experienced significant growth in recent periods. Our headcount increased from 50 employees as of June 30, 1999 to approximately 910 employees as of September 30, 2000. In mid-2000, we approved major expansions to our existing facilities and the building of new facilities. We expect that our growth will place significant demands on our management and other resources and will require us to continue to develop and improve our operational, financial and other internal controls both in the U.S. and internationally. In particular, continued growth increases the challenges involved in a number of areas, including: recruiting and retaining sufficient skilled personnel, providing adequate training and supervision to maintain our high quality standards, and preserving our culture and values. Our inability to manage this growth effectively would harm our business.

If we lose our key personnel or are unable to attract and retain key personnel, we may be unable to pursue business opportunities or develop our products.

We are highly dependent on the key employees in our clinical engineering and management teams. The loss of the services of those individuals may significantly delay or prevent the achievement of our product development and other business objectives and could harm our business. Our future success will also depend on our ability to identify, recruit, train and retain additional qualified personnel. There is currently a shortage of skilled clinical, engineering and management personnel and intense competition for these personnel, especially in Silicon Valley where our headquarters is located. In addition, few orthodontists

are accustomed to working in a manufacturing environment since they are generally trained to work in private practices, universities and other research institutions. Thus, we may be unable to attract and retain personnel with the advanced qualifications necessary for the further development of our business. Furthermore, we may not be successful in retaining our key personnel or their services.

We experience competition from manufacturers of traditional braces and expect aggressive competition in the future.

We are not aware of any company that is marketing or developing a system directly comparable to our Invisalign System. However, manufacturers of traditional braces, such as 3M Company, Sybron International Corporation and Dentsply International, Inc have substantially greater financial resources and manufacturing and marketing experience than we do and may, in the future, attempt to develop an orthodontic system similar to ours. Large consumer products companies may also enter the orthodontic supply market. Furthermore, we may face competition in the future from new companies that may introduce new technologies. We may be unable to compete with these competitors and one or more of these competitors may render our technology obsolete or economically unattractive. If we are unable to compete effectively with existing products or respond effectively to any products developed by our competitors, our business will be harmed.

Complying with the Food and Drug Administration and other regulations is an expensive and time-consuming process, and any failure to comply could result in substantial penalties.

Our products are medical devices and subject to extensive regulation in the U.S. and internationally. FDA regulations are wide ranging and govern, among other things:

- product design, development, manufacture and testing;
- product labeling;
- product storage;
- premarket clearance or approval;
- advertising and promotion; and
- product sales and distribution.

Noncompliance with applicable regulatory requirements can result in enforcement action which may include recalling products, ceasing product marketing, and paying significant fines and penalties, which could limit product sales, delay product shipment and adversely affect our profitability.

In the U.S. we must comply with facility registration and product listing requirements of the FDA and adhere to applicable Quality System regulations. The FDA enforces its Quality System regulations through periodic unannounced inspections, which we have yet to undergo. If we or any third party manufacturer of our products do not conform to applicable Quality System regulations, we may be required to find alternative manufacturers, which could be a long and costly process.

Before we can sell a new medical device in the U.S., we must obtain FDA clearance or approval, which can be a lengthy and time-consuming process. Even though the devices we market have obtained the necessary clearances from the FDA through the premarket notification provisions of Section 510(k) of the federal Food, Drug, and Cosmetic Act, we may be unable to maintain the necessary clearances in the future. Furthermore, we may be unable

to obtain the necessary clearances for new devices that we market in the future. Please see "Business--Government Regulation" for a more detailed discussion of the regulations that govern our industry.

Extensive and changing government regulation of the healthcare industry may be expensive to comply with and exposes us to the risk of substantial government penalties.

In addition to medical device laws and regulations, numerous state and federal healthcare-related laws regulate our business, covering areas such as:

- storage, transmission and disclosure of medical information and healthcare records;
- prohibitions against the offer, payment or receipt of remuneration to induce referrals to entities providing healthcare services or goods; and
- the marketing and advertising of our products.

Complying with these laws and regulations could be expensive and time-consuming, and could increase our costs or reduce or eliminate certain of our activities or our revenues. See "Business--Government Regulation."

We face risks related to our international operations, including the need to obtain necessary foreign regulatory clearance or approvals.

Sales of our products outside the U.S. are subject to foreign regulatory requirements that vary widely from country to country. The time required to obtain clearances or approvals required by other countries may be longer than that required for FDA clearance or approval, and requirements for such approvals may differ from FDA requirements. We may be unable to obtain regulatory approvals in other countries. We may also incur significant costs in attempting to obtain and in maintaining foreign regulatory approvals. If we experience delays in receipt of approvals to market our products outside of the U.S., or if we fail to receive these approvals, we may be unable to market our products or enhancements in international markets in a timely manner, if at all.

Our business exposes us to risks of product liability claims, and we may incur substantial expenses if we are sued for product liability.

Medical devices involve an inherent risk of product liability claims and associated adverse publicity. We may be held liable if any product we develop or any product that uses or incorporates any of our technologies causes injury or is otherwise found unsuitable. Although we intend to continue to maintain product liability insurance, adequate insurance may not be available on acceptable terms and may not provide adequate coverage against potential liabilities. A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs. These costs would have the effect of increasing our expenses and could harm our business.

We may be unable to raise additional capital if it should be necessary which could harm our ability to compete.

We expect to expend significant capital to establish a national brand, build manufacturing infrastructure and develop both product and process technology. These initiatives may require us to raise additional capital over the next few years. We believe that the proceeds from this offering and the capital that we have already raised should be sufficient to fund our operations for at least the next 12 months. However, we may consume available resources more rapidly than anticipated and we may not be able to raise additional funds when needed, or on acceptable terms.

Risks Related to This Offering

The market price for our common stock may be highly volatile, and you may not be able to resell your shares at or above the initial public offering price.

Before this offering, there has not been a public market for our common stock. An active trading market for our common stock may not develop following this offering. You may not be able to sell your shares quickly or at the market price if trading in our stock is not active. Further, the market price of our common stock may decline below the price you paid for your shares. The initial public offering price for the shares will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. Please see "Underwriting" for more information regarding our arrangement with the underwriters and the factors considered in setting the initial public offering price.

The trading price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in price in response to various factors, many of which are beyond our control, including:

- quarterly variations in our results of operations;
- changes in recommendations by the investment community or in their estimates of our revenues or operating results;
- speculation in the press or investment community;
- strategic actions by our competitors, such as product announcements or acquisitions; and
- general market conditions.

In addition, the stock market in general, and the market for technology and medical device companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated to or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance.

In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been brought against the company. If a securities class action suit is filed against us, we would incur substantial legal fees and our management's attention and resources would be diverted from operating our business in order to respond to the litigation.

The large number of shares eligible for public sale after this offering could cause our stock price to decline.

The market price of our stock could decline as a result of sales by our existing stockholders of a large number of shares of our stock in the market after this offering or the perception that these sales could occur. These sales also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Please see "Shares Eligible for Future Sale" for a description of sales that may occur in the future.

Anti-takeover provisions in our charter documents and under Delaware law may make an acquisition of us more difficult.

Provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. These provisions:

- prevent stockholders from taking action by written consent;

- limit the persons who may call special meetings of stockholders;
- authorize the issuance of preferred stock in one or more series; and
- require advance notice for stockholder proposals and director nominations.

In addition, Section 203 of the Delaware General Corporation Law also imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock. Please see "Description of Capital Stock--Preferred Stock" and "Description of Capital Stock--Antitakeover Effects of Provisions of the Certificate of Incorporation, Bylaws and Delaware Law" for a more detailed discussion of these anti-takeover provisions.

Concentrations of ownership and agreements among our existing executive officers, directors and principal stockholders may prevent new investors from influencing significant corporate transactions.

The interest of management could conflict with the interest of our other stockholders. Upon completion of this offering, our executive officers, directors and principal stockholders will beneficially own, in total, % of our outstanding common stock. As a result, these stockholders will be able to exercise control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This could have the effect of delaying or preventing a change of control of Align, which in turn could reduce the market price of our stock.

New investors in our common stock will experience immediate and substantial dilution.

The offering price of our common stock will be substantially higher than the net tangible book value per share of our existing capital stock. As a result, if you purchase common stock in this offering, you will incur immediate and substantial dilution of $ in net tangible book value per share of common stock, based on as assumed public offering price of $ per share. You will also experience additional dilution upon the exercise of outstanding stock options and warrants. Please see "Dilution" for a more detailed discussion of the dilution new investors will incur in this offering.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

We make many statements in the prospectus under the captions Summary, Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, Business and elsewhere that are forward-looking and are not based on historical facts. These statements relate to our future plans, objectives, expectations and intentions. We may identify these statements by the use of words such as believe, expect, will, anticipate, intend and plan and similar expressions. These forward-looking statements involve a number of risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those we discuss in Risk Factors and elsewhere in this prospectus. These forward-looking statements speak only as of the date of this prospectus, and we caution you not to rely on these statements without considering the risks and uncertainties associated with these statements and our business that are addressed in this prospectus.

Given these uncertainties, you should not place undue reliance on such forward-looking statements. We are not under any duty to update any of the forward-looking statements after the date of this prospectus to conform these statements to actual results except as required by law.

Information regarding market and industry statistics contained in the Summary and Business sections is included based on information available to us that we believe is accurate. It is generally based on academic and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources and cannot assure you of the accuracy of the data we have included.

USE OF PROCEEDS

Our net proceeds from the sale of shares of common stock we are offering are estimated to be $ million ($ million if the underwriters' over-allotment option is exercised in full) assuming an initial public offering price of $ per share and after deducting the underwriting discounts and commissions and our estimated offering expenses.

We currently intend to use the net proceeds of this offering, along with our existing cash balances, primarily to expand our manufacturing capacity, to fund our national advertising campaign and other sales and marketing activities, to continue to develop our product and manufacturing process technology, to fund working capital and for general corporate purposes. As of the date of this prospectus, we have not allocated any specific amount of the proceeds for the purposes listed in this paragraph. A portion of the net proceeds may also be used to acquire or invest in complementary businesses, technologies, product lines or products. Pending our use of the proceeds, the net proceeds of this offering will be invested in short term, interest-bearing, investment-grade securities.

DIVIDEND POLICY

Payments of future dividends, if any, will be at the discretion of our board of directors after taking into account various factors our board of directors deems relevant, including our financial condition, operating results, current and anticipated cash needs, plans for expansion and debt covenants. We have never declared or paid any cash dividends on shares of our capital stock and do not intend to do so at any time in the foreseeable future.

CAPITALIZATION

The following table sets forth the following information:

- our actual capitalization as of September 30, 2000;
- our pro forma capitalization, which gives effect to the sale of 718,355 shares of Series D preferred stock in October 2000 at an offering price of $21.25 per share, after deducting estimated offering expenses of $53,000, and the conversion of all outstanding shares of preferred stock, including the 718,355 shares of Series D preferred stock issued in October 2000, into 12,990,503 shares of common stock upon completion of this offering; and
- our pro forma as adjusted capitalization to reflect the sale of shares of common stock at an assumed initial public offering price of $ per share in this offering, less the underwriting discounts and commissions and estimated offering expenses.

	As of September 30, 2000		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands)		
Long term obligations, net of current portion..	$ 1,569	$ 1,569	$
Convertible preferred stock, $0.0001 par value; 13,605,427 shares authorized, actual and pro forma; 5,000,000 shares authorized, pro forma as adjusted; 12,175,512 shares issued and outstanding, actual; and no shares outstanding pro forma and pro forma as adjusted.....	113,890	--	
Preferred stock warrants.....	1,818	--	
Stockholders' equity (deficit):			
Common stock, $0.0001 par value; 60,000,000 shares authorized; 3,594,196 shares issued and outstanding, actual; 16,584,699 shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted.....	--	2	
Additional paid-in capital.....	91,926	222,844	
Deferred stock-based compensation.....	(74,847)	(74,847)	
Accumulated deficit.....	(73,165)	(73,165)	
Total stockholders' equity (deficit).....	(56,086)	74,834	
Total capitalization.....	$ 61,191	$ 76,403	$

The number of shares of common stock referenced above excludes as of September 30, 2000:

- 2,155,998 shares of common stock issuable upon the exercise of outstanding options at a weighted average exercise price of $1.59 per share;
- 322,917 shares of common stock issuable upon the exercise of outstanding warrants to purchase preferred stock, or common stock upon the completion of this offering at a weighted average exercise price of $3.87 per share;
- 1,177,621 shares of common stock available for grant under our 1997 Equity Incentive Plan;
- 2,700,000 shares of common stock reserved for issuance under our 2001 Stock Incentive Plan; and
- 500,000 shares of common stock to be reserved for issuance under our Employee Stock Purchase Plan upon completion of the offering.

DILUTION

Our net tangible book value of the common stock as of September 30, 2000 was approximately $59.6 million, or approximately $ per share of common stock assuming conversion of all outstanding preferred stock into an aggregate of 12,257,309 shares of common stock upon completion of the offering. Our net tangible book value per share has been determined by dividing net tangible book value (total tangible assets less total liabilities) by the pro forma number of shares of common stock outstanding at September 30, 2000.

After giving effect to the sale of shares of common stock in this offering at an assumed price of $ per share and after deduction of the underwriting discount and estimated offering expenses, our net tangible book value after the offering would have been approximately $ million, or $ per share. The offering will result in an increase in net tangible book value of $ per share to existing investors and an immediate dilution of $ per share to new investors, or approximately % of the assumed offering price of $ per share.

Pro forma net tangible book value dilution per share represents the incremental dilutive effect of the sale of 718,355 shares of Series D preferred stock which convert into 733,194 shares of common stock at an offering price of $21.25 per share, after deducting estimated offering expenses of $53,000. These shares convert into 733,194 shares of common stock as a result of an antidilution conversion feature of our Series D preferred stock offering. See "Certain Transactions." The following table illustrates this calculation of per share dilution:

Assumed initial public offering price per share		$
Net tangible book value per share as of September 30, 2000	$3.78	
Increase per share attributable to new investors		
Net tangible book value per share after this offering		
Dilution per share to new investors		
Incremental dilution occurring upon sale of Series D preferred stock		
Pro forma dilution per share to new investors		$

The following table summarizes, on the pro forma basis described above, the differences between the number of shares of common stock issued by us, the total consideration paid and the average price per share paid by the existing stockholders and by new investors, before deducting underwriting discounts and commissions and estimated offering expenses, at an assumed initial public offering price of $ per share:

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	16,584,699	%	$129,093,000	%	$7.78
New investors					
Total		100%	$	100%	

These tables do not assume exercise of stock options and warrants outstanding as of September 30, 2000. As of September 30, 2000, there were 2,155,998 shares of common stock issuable upon exercise of outstanding stock options at a weighted average exercise price of $1.59 per share and 322,917 shares of common stock issuable upon exercise of outstanding warrants at a weighted average exercise price of $3.87 per share. There are 2,700,000 shares of common stock reserved for issuance under our 2001 Stock Incentive Plan. There will be 500,000 shares of common stock reserved for issuance under our Employee Stock Purchase Plan upon completion of the offering. Giving effect to the exercise of the options and warrants outstanding and exercisable as of September 30, 2000, the pro forma net tangible book value per share would be $ and the dilution per share to the new investors would be $.

SELECTED CONSOLIDATED FINANCIAL DATA
(in thousands, except per share data)

You should read the following selected consolidated financial data in conjunction with the Consolidated Financial Statements and related Notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. The consolidated statement of operations data for the period from April 3, 1997 (date of inception) to December 31, 1997 and for each of the two years in the period ended December 31, 1999, and the balance sheet at December 31, 1998 and 1999, are derived from the audited consolidated financial statements included elsewhere in this prospectus. The consolidated balance sheet data at December 31, 1997 is derived from audited consolidated financial statements not included in this prospectus. The selected consolidated results of operations for the nine months ended September 30, 1999 and 2000 and the selected consolidated balance sheet data as of September 30, 2000 are derived from unaudited financial statements included in this prospectus. In the opinion of management, the unaudited consolidated financial statements include all adjustments, consisting principally of normal recurring adjustments, necessary for a fiscal presentation of the results of operations for the periods. Our historical results are not necessarily indicative of results to be expected for future periods. See the Notes to our Consolidated Financial Statements for a detailed explanation of the determination of the shares used to compute basic and diluted net loss per share.

	Period from Inception (April 3, 1997) to Dec. 31, 1997	Year Ended Dec. 31, 1998	Year Ended Dec. 31, 1999	Nine Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
Statement of Operations Data:					
Revenue	$ --	$ --	$ 411	$ 77	$ 3,236
Cost of revenue	--	--	1,754	357	11,313
Gross loss	--	--	(1,343)	(280)	(8,077)
Operating expenses:					
Sales and marketing	283	133	5,688	2,726	19,664
General and administrative	--	2,344	3,474	2,000	12,349
Research and development	405	1,474	4,200	3,068	5,904
Total operating expenses	688	3,951	13,362	7,794	37,917
Loss from operations	(688)	(3,951)	(14,705)	(8,074)	(45,994)
Interest and other income (expense), net	24	176	(710)	(499)	(7,317)
Net loss	(664)	(3,775)	(15,415)	(8,573)	(53,311)
Dividend related to beneficial conversion feature of preferred stock	--	--	--	--	(44,150)
Net loss available to common stockholders	$ (664)	$(3,775)	$(15,415)	$(8,573)	$(97,461)
Net loss per share available to common stockholders, basic and diluted	$(0.86)	$ (2.66)	$ (7.31)	$ (4.22)	$ (35.87)
Shares used in computing net loss per share available to common stockholders, basic and diluted	771	1,421	2,109	2,030	2,717

	Dec. 31, 1997	Dec. 31, 1998	Dec. 31, 1999	Sept. 30, 2000
Balance Sheet Data:				
Cash, cash equivalents and marketable securities	$1,506	$ 6,923	$ 12,085	$ 37,867
Working capital	1,370	6,815	10,027	47,758
Total assets	1,642	8,117	17,091	75,567
Total long term obligations	4	10	3	1,569
Convertible preferred stock and warrants	2,164	12,147	32,755	115,708
Total stockholders' deficit	(661)	(4,433)	(19,414)	(56,086)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with "Selected Consolidated Financial Data" and our financial statements and related notes appearing elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

From inception in April 1997 to July 2000, we were engaged in the design, manufacture and marketing of the Invisalign System, a proprietary new System for treating malocclusion, or the misalignment of teeth. In July 1999, we commenced commercial sales of our Invisalign System. Prior to July 1999, we devoted nearly all our resources to developing our software and manufacturing processes, clinical trials of the Invisalign System and to building our sales force, customer support and management teams. We exited the development stage in July 2000.

The Invisalign System has two components: ClinCheck and Aligners. ClinCheck is an Internet-based application that allows orthodontists to simulate treatment, in three dimensions, by modeling two-week stages of tooth movement. Aligners are thin, clear plastic, removable dental appliances that are manufactured in a series to correspond to each two-week stage of the ClinCheck simulation. Aligners are customized to perform the treatment prescribed for an individual patient by an orthodontist using ClinCheck.

In the third quarter of 1999, we recognized revenue for the first time from the sale of the Invisalign System and related dental impression machines manufactured by ESPE America, Inc. We expect to sell dental impression machines only once. Accordingly, sales of such machines are expected to represent a lower proportion of our revenue in the future. Substantially all our revenue is generated in the U.S. and Canada, which, taken together, we regard as our domestic market.

We incurred net losses of $664,000 in 1997, $3.8 million in 1998 and $15.4 million in 1999. For the nine months ended September 30, 2000, we incurred a net loss of $53.3 million compared to a net loss of $8.6 million for the nine months ended September 30, 1999. As of September 30, 2000, we had an accumulated net deficit of $73.2 million. We expect to continue to incur losses for the foreseeable future, in part, due to our national advertising campaign, the expansion of manufacturing capacity and continued research and development efforts.

We earn revenue primarily from the sale of our Invisalign System. Our revenue consists of the ClinCheck fee and the charge for each Aligner. We charge orthodontists a fixed fee for the treatment simulation viewed via ClinCheck on our website, Invisalign.com. This fee is invoiced when the orthodontist orders ClinCheck prior to the production of Aligners. In addition, we charge orthodontists a fee for Aligners as we ship them. Fees from the sale of ClinCheck and Aligners, taken together, are treated as revenue from a single System and are recognized ratably as batches of Aligners are shipped to the orthodontist.

To date, we have shipped Aligners in batches. The first batch, which typically represents the first several months of treatment, is produced once the prescribing orthodontist approves ClinCheck. Thereafter, Aligners are sent at approximately six month intervals until treatment is complete.

The costs of producing the ClinCheck treatment plan, which are incurred prior to the production of Aligners, are capitalized and recognized as related revenue is earned. In the cases where we expect a loss on the contract, the entire loss is recognized immediately and the remaining costs are deferred and recognized ratably as batches of Aligners are shipped to the orthodontist.

We are in the process of changing the pattern of Aligner shipments. We intend to ship all the Aligners associated with a given case in a single batch beginning in early 2001. When this happens, all the revenue associated with a given case, including ClinCheck fees, will be recognized at the time the Aligners are shipped.

Deferred Compensation

In connection with the grant of stock options to employees and non-employees, we recorded deferred stock-based compensation as a component of stockholders' deficit. Deferred stock compensation for options granted to employees is the difference between the fair value of our common stock on the date such options were granted and their exercise price. For stock options granted to non-employees, the fair value of the options, estimated using the Black-Scholes valuation model, is initially recorded on the date of grant. As the non-employee options become exercisable, we revalue the remaining unvested options, with the change in fair value from period to period represented as a change in the deferred compensation charge. This stock-based compensation is amortized as charges to operations over the vesting periods of the options. We recorded amortization of deferred compensation of $394,000 for the year ended December 31, 1999 and $7.9 million for the nine months ended September 30, 2000.

Results of Operations

Nine Months Ended September 30, 1999 and 2000

Revenue. We recorded revenue for the first time in the third quarter of 1999. For the nine months ended September 30, 1999, we recorded revenue of $77,000. Almost all our revenue in this period related to the sale to orthodontists of dental impression machines. In the nine months ended September 30, 2000, we recorded revenue of $3.2 million, of which approximately $2.3 million was derived from the sale of Invisalign System products. The balance of our revenue for the nine month period ended September 30, 2000 represented sales of dental impression machines. We expect to sell a dental impression machine to an orthodontist only once. Accordingly, sales of these machines are expected to represent a substantially lower proportion of our revenue in the future.

Cost of revenue. Cost of revenue includes the salaries of staff involved in production, the cost of materials and packaging used in production and shipping together with an allocation of the cost of facilities and depreciation on the capital equipment used in the production process. We reported cost of revenue of $357,000 for the nine months ended September 30, 1999. For the nine months ended September 30, 2000, we reported cost of revenue of $11.3 million, which includes start-up manufacturing costs and reflects a substantial increase in the scale of our manufacturing operations.

Sales and marketing. Sales and marketing expenses include sales force compensation together with the expense of professional marketing, principally, conducting training workshops and market surveys, advertising and attending orthodontic trade shows. Sales and marketing expenses increased from $2.7 million for the nine months ended September 30, 1999 to $19.7 million for the nine months ended September 30, 2000. This increase resulted from a substantial increase in doctor training, our participation in the annual convention of the

American Association of Orthodontists in April and May, 2000 and the launch of our national advertising campaign in September 2000.

General and administrative. General and administrative expenses include costs for the compensation of administrative personnel, outside consulting services, facilities, legal expenses and general corporate expenses. General and administrative expenses increased from $2.0 million for the nine months ended September 30, 1999 to $12.3 million for the nine months ended September 30, 2000, primarily due to increased personnel cost. We expect administrative expenses to continue to increase in the future to support expanding business activities and the additional administrative costs related to being a public company.

Research and development. Research and development expenses include the costs associated with software engineering, the costs of designing, developing and testing our products and the conduct of both clinical and post-marketing trials. Research and development is expensed as incurred. Research and development expenses increased from $3.1 million for the nine months ended September 30, 1999 to $5.9 million for the nine months ended September 30, 2000. The expenses incurred in the 1999 period included the costs of researching processes to manufacture our product. Starting in the third quarter of 1999, we transitioned from recording manufacturing process research as research and development expense to recognizing it as cost of sales.

Interest and other income (expense), net. Net interest and other expense increased from $499,000 for the nine months ended September 30, 1999 to $7.3 million for the nine months ended September 30, 2000. This increase resulted primarily from non-cash interest expense related to the beneficial conversion feature of a bridge loan financing.

Dividend related to beneficial conversion feature of preferred stock. In the three months ended June 30, 2000, we issued 4,048,836 shares of Series D preferred stock. The difference between the conversion price and the fair market value per share of the common stock on the transaction date resulted in a beneficial conversion feature of $44.2 million which has been reflected as a preferred stock dividend in the September 30, 2000 consolidated interim financial statements.

Period from April 3, 1997 (date of inception) to December 31, 1997, and the Years Ended December 31, 1998 and 1999

Revenue. Revenue was recorded for the first time in 1999. For the year ended December 31, 1999, we recorded $411,000 in revenue from sales of the Invisalign System and related ancillary products. Approximately $98,000 was derived from the sale of the Invisalign System products. The balance of our revenue, or $313,000, represented sales to orthodontists of dental impression machines.

Cost of revenue. No cost of revenue was incurred in 1997 and 1998. We incurred cost of revenue of $1.8 million relating to the manufacture of products sold for the year ended December 31, 1999.

Sales and marketing. Sales and marketing expenses in 1997 and 1998 were insignificant because we had not launched our product commercially. Sales and marketing expenses decreased from $283,000 in 1997 to $133,000 in 1998 and increased to $5.7 million in 1999, reflecting the hiring of our sales force, the training of doctors to support our commercial launch and the testing of direct advertising in two markets.

General and administrative. General and administrative expenses increased from none in 1997 and $2.3 million in 1998 to $3.5 million in 1999, reflecting the growth in our

administrative staff, rent on our facilities and other general expenses as we prepared for commercial launch of the Invisalign System.

Research and development. Research and development expenses increased from $405,000 in 1997 to $1.5 million in 1998, reflecting the commencement of clinical trials of the Invisalign System and the development of software and processes for the manufacture of the Invisalign System. In 1999, research and development expenses increased to $4.2 million, reflecting the development of manufacturing processes and continuation of our clinical trials.

Interest and other income (expense), net. Net interest and other income increased from a negligible amount in 1997 to $176,000 in 1998 due to interest income earned on higher average cash balances, resulting from the sale of preferred stock in July 1998. In 1999, net interest expense was $710,000 due to non-cash interest expense created by the amortization of warrants issued in connection with a line of credit.

Income Taxes

We have not incurred any income tax expense to date since we have not been profitable. As of December 31, 1999, we had federal net operating loss carryforwards of $10.5 million. As of December 31, 1999, we had recorded a full valuation allowance for our existing net deferred tax assets due to uncertainties regarding their realization. We also have federal research tax credit carryforwards of $606,000 as of December 31, 1999. The federal net operating loss and credit carryforwards expire beginning in the year 2017 if not utilized. Utilization of the federal net operating losses and credit carryforwards may be limited by the change of ownership provisions contained in Section 382 of the Internal Revenue Code.

Liquidity and Capital Resources

Historically, we have funded our operations with the proceeds from the sale of our common and preferred stock, equipment leases and bridge loans. As of September 30, 2000, we had $37.9 million in cash, cash equivalents and marketable securities and an accumulated deficit of $73.2 million. Our equipment lease line was repaid in July 2000.

Net cash used in operating activities totaled $522,000 in 1997, $3.8 million in 1998 and $11.6 million in 1999. For the nine months ended September 30, 2000, net cash used in operations totaled $31.2 million compared to $6.8 million for the nine months ended September 30, 1999. In each of these periods net cash used by operating activities consisted primarily of net operating losses, partially offset by increases in accounts payable, depreciation and amortization of deferred stock compensation.

Net cash used in investing activities totaled $1.6 million in 1997, $3.8 million in 1998 and $3.6 million in 1999. For the nine months ended September 30, 2000, net cash used in investing activities totaled $24.3 million compared to net cash provided by investing activities of $1.8 million for the nine months ended September 30, 1999. In each of these periods, net cash used in investing activities consisted primarily of purchases of property and equipment and marketable securities offset by sales and maturities of marketable securities. For the nine months ended September 30, 2000, there was a substantial increase in restricted cash related to the transfer of funds to our media buying agent to fund our national advertising campaign.

Net cash from financing activities was $2.2 million in 1997, $10.0 million in 1998 and $19.6 million in 1999. For the nine months ended September 30, 2000, net cash from financing activities totaled $82.6 million compared to $17.9 million for the nine months ended September 30, 1999. In May 2000, we sold $14.0 million of convertible promissory notes to

preferred stockholders. In May and June 2000, we sold $72.0 million of preferred stock to investors. Also in May 2000, the convertible promissory notes were converted to preferred stock. In October 2000, we sold an additional $15.3 million of preferred stock.

We expect that our operating expenses will increase with an overall increase in the level of our business activity, including increased sales and the related costs of products sold, the launch of our national advertising campaign, continuing efforts to expand our manufacturing capacity, research and development and other costs. We are in the process of changing the pattern of Aligner shipments, which will have a negligible effect on our cash flows. In addition, we may use cash to fund acquisitions of complementary businesses or technologies. We believe the net proceeds from this offering will be sufficient to meet our operating, working capital and capital expenditure requirements for at least the next 12 months.

Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk is currently confined to our cash and cash equivalents that have maturities of less than three months. We currently do not hedge interest rate exposure. Because of the short-term maturities of our cash and cash equivalents and marketable securities, we do not believe that an increase in market rates would have any significant negative impact on the realized value of our investments.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes new standards of accounting and reporting for derivative instruments and hedging activities. SFAS No. 133 requires that all derivative instruments be recognized at fair value in the statement of financial position, and that the corresponding gains and losses be reported either in the statement of operations or as a component of comprehensive income, depending on the type of relationship that exists. We have not engaged in significant hedging activities or invested in derivative instruments. In July 1999, the Financial Accounting Standards Board issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 137 deferred the effective date of SFAS No. 133 until fiscal years beginning after June 15, 2000.

In March 2000, the FASB issued Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation--an Interpretation of APB 25." This interpretation clarifies (1) the definition of employee for purposes of applying Opinion 25, (2) the criteria for determining whether a plan qualifies as a noncompensatory plan, (3) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (4) the accounting for an exchange of stock compensation awards in a business combination. This interpretation is effective July 1, 2000, but certain conclusions in this interpretation cover specific events that occur after either December 15, 1998 or January 12, 2000. To the extent that this interpretation covers events occurring during the period after December 15, 1998 or January 12, 2000, but before the effective date of July 1, 2000, the effects of applying this interpretation are recognized on a prospective basis from July 1, 2000. The adoption of FIN 44 did not have a material impact on our financial statements.

Overview

We design, manufacture and market the Invisalign System, a proprietary new method for treating malocclusion, or the misalignment of teeth. The System corrects malocclusion using a series of clear, removable appliances that gently move teeth to a desired final position. Because it does not rely on the use of metal or ceramic brackets and wires, the System significantly reduces the aesthetic and other limitations associated with braces. The Invisalign System also offers orthodontists a new means of carrying out their diagnosis and treatment planning processes. We believe the Invisalign System has the potential to transform the traditional practice of orthodontics by appealing to people who would not otherwise seek treatment.

In the U.S. alone, over 200 million individuals have some form of malocclusion. Each year, less than one percent of these individuals, or approximately two million Americans, enter orthodontic treatment, spending approximately $7 billion in aggregate. We believe the Invisalign System is a compelling treatment alternative for most of the patients who would seek traditional orthodontic treatment. In addition, given the significant benefits of our System, we have the opportunity to expand the U.S. orthodontic market by addressing the needs of millions of individuals who would not otherwise seek treatment. Further, we believe the international opportunity is larger than the U.S. opportunity.

We received FDA clearance to market the Invisalign System in 1998 and started commercial sales of the System in July 1999. Our 510(k) clearance from the FDA allows us to market the Invisalign System to treat patients with any type of malocclusion. We voluntarily restrict the use of the Invisalign System to adults and adolescents with mature dentition and who are otherwise suitable for treatment, a group that represents approximately 130 million people in the U.S. Currently, we do not treat children whose teeth and jaws are still developing, as the effectiveness of the Invisalign System relies on our ability to accurately predict the movement of teeth over the course of treatment. Based on our clinical studies to date, we recommend that orthodontists use the Invisalign System as a complete treatment for mild and moderate malocclusions and as a component of treatment for unusually severe malocclusions.

As of October 2000, we had trained more than 5,300 orthodontists to use the Invisalign System, representing over 60% of all U.S. and Canadian orthodontists. To date, over 7,600 patients have commenced treatment with the Invisalign System, including more than 1,000 patients in September 2000.

Our objective is to establish the Invisalign System as the standard method for treating orthodontic malocclusion. Our sales and marketing efforts focus on educating both consumers and orthodontists on the significant benefits of the System. We continue to train orthodontists and work with them to increase the use of the Invisalign System within their practices. We recently initiated a national advertising campaign to create awareness of the Invisalign System as a treatment alternative and to stimulate demand for treatment with the System.

Industry Background

Malocclusion

Malocclusion is one of the most prevalent clinical conditions, affecting over 200 million individuals, or approximately 75% of the U.S. population. Approximately two million people annually elect orthodontic treatment in the U.S., generating industry revenues of approximately

$7 billion. While most individuals seek orthodontic treatment to improve their appearance, malocclusion may also be responsible for dental problems such as tooth decay, tooth loss, gum disease, jaw joint pain and headaches. Only a relatively small proportion of people with malocclusion seek treatment because of the compromised aesthetics, discomfort and other drawbacks associated with conventional orthodontic treatments.

Traditional Orthodontic Treatment

Orthodontists apply traditional techniques and principles of treatment developed in the early 20th century. In the U.S., orthodontists treat malocclusion primarily with metal archwires and brackets, commonly referred to as braces. Occasionally, in an attempt to improve treatment aesthetics, orthodontists use ceramic, tooth-colored brackets or bond brackets on the inside, or lingual surfaces, of the patient's teeth. Orthodontists also augment braces with elastics, metal bands, headgear and other ancillary devices.

The average treatment takes approximately two years to complete and requires several hours of direct orthodontist involvement, or chair time. To initiate treatment, an orthodontist will diagnose a patient's condition and create an appropriate treatment plan. In a subsequent visit, the orthodontist will bond brackets to the patient's teeth with cement and attach an archwire to the brackets. Thereafter, by tightening or otherwise adjusting the braces approximately every six weeks, the orthodontist is able to exert sufficient force on the patient's teeth to achieve desired tooth movement. Because of the length of time between visits, the orthodontist must tighten the braces to a degree sufficient to achieve sustained tooth movement during the interval. In a final visit, the orthodontist removes each bracket and residual cement from the patient's teeth.

Fees for orthodontic treatment typically range between $3,000 to $5,000 and are generally not reimbursed by insurance. In addition, orthodontists commonly charge a premium for lingual or ceramic alternatives. Fees are based on the difficulty of the particular case and on the orthodontist's estimate of chair time and are generally negotiated in advance. A treatment that exceeds the orthodontist's estimate of chair time generally results in decreased fees per hour of chair time, or reduced profitability for the orthodontist.

Limitations of Traditional Orthodontic Treatment

Although braces are generally effective in correcting a wide range of malocclusions, they are subject to many limitations and disadvantages. Conventional orthodontic treatment is associated with:

- Unattractive appearance. Braces call attention to the patient's condition and treatment. In addition, braces trap food, which can further compromise appearance. Braces can also result in permanent discoloration of teeth. Many adults associate braces with adolescence. As a result of these and other limitations, less than one half of one percent of American adults with malocclusion elect orthodontic treatment annually.

- Oral discomfort. Braces are sharp and bulky and can abrade and irritate the interior surfaces of the mouth. The tightening or adjustment of braces results in root and gum soreness and discomfort, especially in the days after an orthodontic visit.

- Poor oral hygiene. Braces compromise oral hygiene by making it more difficult to brush and floss. These problems can result in tooth decay and periodontal damage. Additionally, the bonding of brackets to teeth can cause permanent markings on the teeth.

- Inability to project treatment. Historically, orthodontists have not had a means to model the movement of teeth over a course of treatment. Accordingly, orthodontists must rely on intuition and judgment to plan and project treatment. As a result, they cannot be precise about the direction or distance of expected tooth movement between patient visits. This lack of predictability may result in unwanted tooth movements and can limit the orthodontist's ability to estimate the duration of treatment. Because most orthodontic treatment is performed on a fixed price basis, extended treatment duration reduces profitability for the orthodontist.

- Physical demands on orthodontists. The manipulation of wires and brackets requires sustained manual dexterity and visual acuity, and may place other physical burdens on the orthodontist.

- Root resorption. The sustained high levels of force associated with conventional treatment can result in root resorption, a shortening of tooth roots. This shortening can have substantial adverse periodontal consequences for the patient.

- Emergencies. At times, braces need to be repaired or replaced on an emergency basis. Such emergencies cause significant inconvenience to both the patient and the orthodontist.

Due to the poor aesthetics, discomfort and other limitations of braces, relatively few people with malocclusion elect orthodontic treatment. Accordingly, we believe there is a large unmet need for an orthodontic system that addresses these patient concerns. We also believe there is an unmet need among orthodontists for a treatment system that increases the predictability and efficiency of treatment and enhances practice profitability.

The Align Solution

Our Invisalign System is a proprietary new system for treating malocclusion. The Invisalign System consists of two components: ClinCheck and Aligners.

ClinCheck. ClinCheck is an interactive Internet application that allows orthodontists to diagnose and plan treatment for their patients. We use a dental impression and a treatment prescription submitted by an orthodontist to develop a customized, three-dimensional treatment plan that simulates appropriate tooth movement in a series of two-week increments. ClinCheck allows the orthodontist to view this three-dimensional simulation with a high degree of magnification and from any angle. Accordingly, ClinCheck enables the orthodontist to project tooth movement with a level of accuracy not previously possible.

Upon review of the ClinCheck simulation, the orthodontist may immediately approve our projected treatment, or may provide us with feedback for modification. We reflect any requested adjustments in a modified simulation. Upon the orthodontist's approval of the ClinCheck simulation, we use the data underlying the simulation to manufacture the patient's Aligners.

Aligners. Aligners are custom-manufactured, clear, removable dental appliances that, when worn in prescribed series, provide orthodontic treatment. Each Aligner covers a patient's teeth and is nearly invisible when worn. Aligners are commonly worn in pairs, over the upper and lower dental arches. Aligners are generally worn for consecutive two-week periods which correspond to the approved ClinCheck treatment simulation. After two weeks of use, the patient discards the Aligners and replaces them with the next pair in the series. This process is repeated until the final Aligners are used and treatment is complete. In our experience to date, the typical Invisalign System patient uses 22 sets of Aligners over 44 weeks of treatment.

Benefits of the Invisalign System

We believe that the Invisalign System provides benefits to patients and orthodontists that have the potential to establish the System as the preferred alternative to conventional braces.

Benefits to the Patient

- Excellent aesthetics. Aligners are nearly invisible when worn, eliminating the aesthetic concerns associated with conventional braces.
- Comfort. By replacing the six-week adjustment cycle of traditional braces with two-week stages, Aligners move teeth more gently. Also, Aligners are thin, smooth and low in profile. As a result, Aligners are substantially more comfortable and less abrasive than conventional braces.
- Improved oral hygiene. Patients can remove Aligners for tasks that are difficult with conventional braces, such as eating, brushing and flossing. We believe this feature has the potential to reduce tooth decay and periodontal damage during treatment.
- Potentially reduced overall treatment time. Aligners control force by distributing it broadly over the exposed surfaces of the teeth. In addition, the ClinCheck simulation from which Aligners are produced is designed to reduce unintended and unnecessary tooth movements. Together, these factors may significantly reduce overall treatment time relative to conventional braces.
- Potentially reduced root resorption. We believe that controlling force and shortening treatment time has the potential to reduce the incidence of root resorption.
- Reduced incidence of emergencies. Typically, a lost or broken Aligner is simply replaced with the next Aligner in series, minimizing inconvenience to both patient and orthodontist.

We believe that these benefits will prove attractive to people who currently do not seek treatment because of the limitations of conventional braces.

Benefits to the Orthodontist

- Ability to visualize treatment and likely outcomes. We believe that ClinCheck is the only product that enables orthodontists to preview a course of treatment and the likely final outcome of treatment in an interactive three-dimensional computer model. ClinCheck allows orthodontists to analyze multiple treatment alternatives before selecting the alternative they feel is most appropriate for the patient.
- Minimal additional training. The biomechanical principles that underlie the Invisalign System are consistent with those of traditional orthodontics. Orthodontists can complete our initial training and certification program within a day. As of October 2000, we have trained more than 5,300 U.S. and Canadian orthodontists.
- Ease of use. When treating patients with the Invisalign System, orthodontists do not spend their time manipulating wires and brackets. This allows them to spend proportionately more time diagnosing and interacting with their patients.
- Significantly expanded patient base. We believe the Invisalign System has the potential to transform the practice of orthodontics. Currently, less than one percent of the over 200 million people with malocclusion in the U.S. enter treatment each year. We believe that our System will allow orthodontists to attract patients who would not otherwise seek orthodontic treatment.

- Higher fees. Orthodontists typically charge between $3,000 and $5,000 for a course of conventional treatment. Due to the substantial patient benefits of the Invisalign System, we believe orthodontists offering our System have generally been able to command a significant premium. In our experience, the premiums charged by orthodontists for the Invisalign System have been comparable to other treatment alternatives that attempt to improve the aesthetics of conventional braces, such as ceramic and lingual braces.

- Decreased orthodontist and staff time. The Invisalign System reduces both the frequency and length of patient visits. The Invisalign System eliminates the need for time-intensive processes such as bonding appliances to the patient's teeth, adjusting archwires during the course of treatment and removing the appliances at the conclusion of treatment. As such, use of the Invisalign System significantly reduces orthodontist and staff chair time and can increase practice throughput.

We believe the combination of increased patient volume, higher fees per case and reduced chair time has the potential to substantially improve orthodontic practice profitability.

Our Target Market

Commercial sales of our Invisalign System commenced in the U.S. in July 1999. Since then, over 7,600 patients have entered treatment using the Invisalign System.

Our 510(k) clearance from the FDA allows us to market the Invisalign System to treat patients with any type of malocclusion. We voluntarily restrict the use of the Invisalign System to adults and adolescents with mature dentition and who are otherwise suitable for treatment, a group that represents approximately 130 million people in the U.S. Currently, we do not treat children whose teeth and jaws are still developing, as the effectiveness of the Invisalign System relies on our ability to accurately predict the movement of teeth over the course of treatment. Based on our clinical studies to date, we recommend that orthodontists use the Invisalign System as a complete treatment for mild and moderate malocclusions and as a component of treatment for unusually severe malocclusions.

Approximately two million patients enter into traditional orthodontic treatment in the U.S. annually. These patients represent less than one percent of the population of people with malocclusion. Of these, over 50%, or more than one million patients, have mature dentition and are therefore natural candidates for the Invisalign System.

In addition, we believe that we have an immediate and substantial market expansion opportunity. Our market research indicates that the great majority of people with malocclusion who desire treatment do not elect traditional treatment because of its many limitations. We believe that by addressing the primary limitations of braces, our Invisalign System will encourage this group to seek treatment. Adults, who are particularly sensitive to the aesthetic limitations of traditional treatment, represent our most significant market expansion opportunity.

We are currently focused on the domestic market opportunity but we also believe that a large international market opportunity exists.

Business Strategy

Our objective is to establish the Invisalign System as the standard method for treating orthodontic malocclusion. Key elements of our strategy include the following:

Educate orthodontists and stimulate demand for Invisalign System treatment. Our market research indicates that the great majority of people with malocclusion who desire treatment do not elect traditional treatment because of its many limitations. By communicating the benefits of the Invisalign System to both orthodontists and consumers, we intend to significantly increase the number of patients who seek orthodontic treatment annually. As of October 2000, we have trained over 5,300 orthodontists in the U.S. and Canada on the use and benefits of the Invisalign System, and intend to continue training orthodontists at a rapid pace. We have successfully tested consumer advertising in two lead markets and recently initiated a national advertising campaign in order to create awareness of the Invisalign System as a treatment alternative and to establish the Invisalign brand name.

Communicate practice benefits of the Invisalign System to orthodontists. The Invisalign System provides substantial financial incentives to orthodontists by enabling them to increase patient volume, charge a premium price and reduce chair time per treatment. We intend to continue to emphasize these practice benefits to orthodontists through our sales and training efforts.

Expand and enhance manufacturing capability. Our manufacturing operations are designed to produce large numbers of custom Aligners at a high level of quality. To improve cost efficiency, we conduct labor intensive processes in relatively low wage countries, including Pakistan and Mexico. We intend to maintain manufacturing capacity in excess of projected demand to reduce the risk that manufacturing capacity constrains our ability to grow. Our proprietary software underlies our manufacturing process. By continually developing this software and other manufacturing processes, we plan to increase the level of production automation. Increased automation will enhance production capacity and reduce both unit costs and production times.

Extend and defend technology leadership. The Invisalign System represents a significant technological advancement in orthodontics. We believe that our issued patents, multiple pending patents and other intellectual property provide a substantial lead over potential competitors. Our issued U.S. patent is written to broadly cover any algorithmic method of segmenting orthodontic treatment into a sequence of three or more steps, based on calculated initial and final representations of a patient's dentition. We continue to pursue further intellectual property protection through U.S. and foreign patent applications and non-disclosure agreements. We also seek to protect our software, documentation and other written materials under trade secret and copyright laws.

Expand our target patient base. The Invisalign System can provide complete treatment for those patients with mature dentition and mild or moderate malocclusion. In addition, we believe that the System can provide partial treatment of unusually severe malocclusions. In an effort to demonstrate the System's ability to comprehensively treat such cases, we are undertaking post-marketing studies and making additional improvements to the product.

Build an international presence. In the near term, we intend to focus our sales and marketing efforts on the U.S. and Canadian market opportunities. However, we are developing our strategy for introducing the Invisalign System in selected international markets. We believe that potential international demand for the Invisalign System exceeds that of our domestic markets.

Manufacturing

We produce highly customized, close tolerance, medical quality products in volume. To do so, we have developed a number of proprietary processes and technologies. These technologies include complex software solutions, laser, destructive and white light scanning techniques and stereolithography, wax modeling and other rapid prototyping methods.

We believe the complexity inherent in producing such highly customized devices in volume is a barrier to potential competitors. Furthermore, we believe the sophisticated software we use to guide a custom manufacturing process on a large scale was not available until we developed it.

Manufacturing is coordinated in Santa Clara, California where, as of September 2000, we employed a manufacturing staff of approximately 190 people. In addition, as of September 2000, we employed a software development team comprising approximately 30 software engineers with backgrounds in computational geometry, animation, computer-aided design and manufacturing industries. We also employ approximately 550 software operators and other staff in our facilities in Lahore, Pakistan, who are responsible for the creation of treatment simulations. In addition, we outsource the fabrication and packaging of Aligners to a contract manufacturer based in Juarez, Mexico.

The Invisalign Treatment Process

The Invisalign System treatment process comprises the following five stages:

Orthodontic diagnosis and transmission of treatment data to us. In an initial patient visit, the orthodontist determines whether the Invisalign System is an appropriate treatment. The orthodontist then prepares treatment data which consists of an impression of the relevant dental arches, x-rays of the patient's dentition, photographs of the patient, a wax bite depicting the relationship between the patient's upper and lower dental arches and an Invisalign System treatment planning form, or prescription. The prescription is a critical component, describing the desired positions and movement of the patient's teeth. The orthodontist sends the treatment data to our Santa Clara facility.

Preparation of three-dimensional computer models of the patient's initial malocclusion. Upon receipt, we use the treatment data to construct plaster models of the patient's dentition. We scan the plaster models to develop a digital, three-dimensional computer model of the patient's current dentition. We then transmit this initial computer model together with the orthodontist's prescription via the Internet to our facilities in Lahore, Pakistan.

Preparation of computer-simulated treatment and viewing of treatment using ClinCheck. In Pakistan, we transform this initial model into a customized, three-dimensional treatment plan that simulates appropriate tooth movement in a series of two-week increments. This simulation is then transmitted back to our Santa Clara facility for review. Upon passing review, the simulation is then delivered to the prescribing orthodontist via ClinCheck on our website at www.invisalign.com. The orthodontist then reviews the ClinCheck simulation and, on occasion, asks us to make adjustments. At this point, the orthodontist may also invite the patient to review ClinCheck, allowing the patient to see the projected course of treatment. The orthodontist then approves the proposed treatment and, in doing so, engages us for the manufacture of corresponding Aligners.

Construction of molds corresponding to each step of treatment. We use the approved ClinCheck simulation to construct a series of molds of the patient's teeth. Each mold is a

replica of the patient's teeth at each two-week stage of the simulated course of treatment. These molds are fabricated at our Santa Clara facility using custom manufacturing techniques that we have adapted for use in orthodontic applications.

Manufacture of Aligners and shipment to orthodontist. We ship these molds to Juarez, Mexico, where our contract manufacturer fabricates Aligners by pressure forming polymeric sheets over each mold. The Aligners are then trimmed, polished, cleaned, packaged and, following final inspection, shipped directly to the prescribing orthodontist. In certain cases, orthodontists may use the Invisalign System in conjunction with clear attachments bonded to the patient's teeth. These attachments are used to increase the force applied to a tooth or teeth in circumstances where the Aligners alone may have difficulty in effecting the desired movement.

To date, we have shipped Aligners in batches. The first batch, which typically represents the first several months of treatment, is produced once the prescribing orthodontist approves ClinCheck. Thereafter, Aligners are sent at approximately six month intervals until treatment is complete. We are in the process of changing the pattern of Aligner shipments. We intend to ship all the Aligners associated with a given case in a single batch beginning in early 2001.

Throughput Management

Because we manufacture each case on a build-to-order basis, we cannot build inventories. As a result, we must conservatively build manufacturing throughput for anticipated demand. To increase throughput, we must improve the efficiency and increase the scale of our manufacturing processes.

In order to increase the efficiency of our manufacturing processes, we focus our efforts on software development and the improvement of rate-limiting processes. Our next generation of software is being developed to enhance computer analysis of treatment data, reducing time spent for each case on manual and judgmental tasks, thereby increasing the efficiency of our technicians in Pakistan. We are also developing an automated system for the fabrication of Aligners currently conducted in Mexico.

In order to scale our manufacturing capacity, we continue to add labor and invest in facilities and capital equipment. In particular, we recently expanded our operations to two facilities in Santa Clara, California, together totaling approximately 70,000 square feet, which serve as our manufacturing headquarters. We are also expanding our technician base in Pakistan and continue to hire in Santa Clara.

Quality Assurance

Our quality assurance team maintains compliance with FDA regulations, monitors customer satisfaction with our products and services, and helps ensure a high level of quality of final product. The prescribing orthodontist's review of the ClinCheck treatment simulation represents an important step in our overall quality control procedures.

Sales and Marketing

We market the Invisalign System by communicating the System's benefits directly to consumers with a nationwide advertising campaign. Based on our experience with advertising and commercial sales in our test markets, we believe that making consumers aware of the Invisalign System as a new treatment alternative generates significant demand for the System. In order to serve anticipated demand in North America, we are training a broad base of

orthodontists. As of October 2000, we have trained over 5,300 orthodontists, representing over 60% of the orthodontists in the U.S. and Canada.

Consumer Marketing

We tested our consumer marketing strategy in two markets, Austin, Texas and San Diego, California. Based on the positive results of these initial marketing efforts, we recently have launched a nationwide consumer marketing campaign to create awareness and stimulate demand for the Invisalign System. Our national consumer marketing efforts primarily focused on television advertising and will be supported by print, public relations and direct mail campaigns.

Our experience indicates that prospective patients exposed to our advertising seek information from four primary sources:

- a general practice dentist;
- an orthodontist;
- our toll-free support line (1-800-INVISIBLE); and
- our website (www.invisalign.com).

Our marketing efforts have generated substantial consumer interest directed toward our telephone support line and our website. In the first five weeks of our national advertising campaign, our support line received approximately 150,000 calls and we received a comparable number of visitors to our website. Our telephone support line and our website not only provide consumers with information on the Invisalign System, but, importantly, also allow us to channel consumer interest to orthodontists of our choice. We outsource the telephone support function to a large national call center operator.

Professional Marketing

As of September 2000, our sales team comprised approximately 30 salespeople experienced in orthodontic product sales. Approximately 25 technical support staff, together with the marketing department and our in-house orthodontic staff, support the sales team. Our sales and support staff has been engaged in marketing the Invisalign System to orthodontists since July 1999. Professional marketing consists of training orthodontists and assisting them in building their practices. In addition, we are creating awareness of the System among general practice dentists to help them refer patients to orthodontists.

As of October 2000, we had trained over 5,300 orthodontists, representing over 60% of the orthodontists in the U.S. and Canada. Our sales and orthodontic teams conduct training primarily in a workshop format. The key topics covered in training include case selection criteria, instructions on filling out the Invisalign prescription form, guidance on pricing and instructions on interacting with our ClinCheck software and the many other features of our website.

The Invisalign System relies on the same orthodontic principles that apply to traditional treatment, and we present our training material in a manner consistent with orthodontists' training and experience. As a result, we are able to complete these training workshops within one day. Our success in training a large number of orthodontists confirms our belief that training represents a minimal barrier to adoption for most orthodontists.

After training, sales representatives follow up with orthodontists to ensure that their staff is prepared to handle Invisalign System cases. Such follow up may include assisting

orthodontists in taking dental impressions, establishing an Internet connection and familiarizing them with our website. Sales representatives may also provide practice-building assistance, including helping orthodontists market to local general practice dentists and to prospective patients through direct mail or other media. Indeed, many practices have commenced promotional activity in their local region with our assistance.

We have developed a system of tiering orthodontists that encourages our sales force to devote more time to those orthodontists most proficient in the use of the Invisalign System.

We use objective criteria, primarily the number of cases initiated with the Invisalign System, to tier orthodontists. Inquiries from prospective patients through our customer call center and our website are directed to higher tier orthodontists. We believe the tiering process will rapidly increase the penetration of our product within selected orthodontists' offices.

General dentists play an important role in informing their patients about orthodontics and are a key source of referrals to orthodontists. There are over 120,000 active general practice dentists in the U.S. and Canada. We have commenced educating these general dentists and staff to encourage them to recommend the Invisalign System to their patients. We communicate with the dental community using a combination of direct mail, telemarketing, journal advertising and trade shows.

Research and Development

As of September 2000, our research and development team consisted of 18 individuals with medical device development, orthodontic and other relevant backgrounds. From inception to September 30, 2000, we spent approximately $12.0 million in research and development expenses to develop the Invisalign System.

Prior to commercial launch in July 1999, our research and development strategy had three primary objectives: developing the Invisalign System, establishing the ability of the System to treat malocclusion and developing software and processes to enable the manufacture of Aligners in volume. Since our commercial launch, our research and development effort has focused on extending the range of clinical applicability of the Invisalign System, enhancing the software used in the manufacturing process and enhancing our product suite.

We are conducting a number of post-marketing studies to establish the effectiveness of the System in comprehensively treating unusually severe cases of malocclusion. We are developing a next-generation of software primarily to increase our manufacturing capacity and efficiency. Our product development team is testing enhanced materials and a number of complementary products that we expect will provide additional revenue opportunities.

Intellectual Property

We believe our intellectual property position represents a substantial business advantage. We have one issued U.S. patent, 46 pending U.S. applications, of which two are allowed and nine are provisional applications. We have two foreign-issued patents and 111 pending foreign applications. The issued U.S. patent is written to cover any algorithmic method of segmenting orthodontic treatment into a sequence of three or more steps, based on calculated initial and final representations of a patient's dentition.

We continue to pursue further intellectual property protection through U.S. and foreign patent applications and non-disclosure agreements. We also seek to protect our software, documentation and other written materials under trade secret and copyright laws. We cannot

assure you that patents will be issued as a result of any patent application or that patents that have been issued to us or may issue in the future will be found to be valid and enforceable and sufficient to protect our technology or products.

Competition

We are not aware of any company that has developed or is marketing a system comparable to our Invisalign System. However, we compete for the attention of orthodontists with manufacturers of other orthodontic products. These suppliers include manufacturers of traditional orthodontic appliances such as 3M Company, Sybron International Corporation and Dentsply International, Inc.

We believe that, in addition to price, the principal competitive factors in the market for orthodontic appliances include the following factors:

- aesthetic appeal of the treatment method;
- comfort associated with the treatment method;
- effectiveness of treatment;
- ease of use; and
- orthodontist chair time.

We believe that the Invisalign System compares favorably with respect to each of these factors.

Government Regulation

FDA Regulation of Medical Devices. The Invisalign System is regulated as a medical device. Accordingly, our product development, labeling, manufacturing processes and promotional activities are subject to extensive review and rigorous regulation by government agencies in countries in which we sell our products.

In the U.S., the FDA regulates the design, manufacture, distribution, preclinical and clinical study, clearance and approval of medical devices. Medical devices are classified in one of three classes on the basis of the controls necessary to reasonably assure their safety and effectiveness. Class I or II devices require the manufacturer to submit a premarket notification requesting permission for commercial distribution, which is known as 510(k) clearance. Class III devices, which are deemed by the FDA to pose greater risk than Class I and II devices, require FDA approval of a premarket approval application which includes, among other things, extensive preclinical and clinical trial data and information about the device's and its components' design, manufacturing and labeling.

The Invisalign System is a Class I device, the least stringent class, which only requires general controls, including labeling, premarket notification and adherence to the FDA's Quality System regulations.

In November 1998, our Invisalign System received 510(k) Pre-Market Notification by the FDA, allowing us to market the Invisalign System in the U.S. In addition, we have recently applied for FDA registration for our Santa Clara facility. The manufacture and distribution of the Invisalign System are subject to continuing regulation by the FDA. We are subject to routine inspections by the FDA to determine compliance with facility registration, product listing requirements, medical device reporting regulations and Quality System requirements.

The Quality System regulation is similar to good manufacturing practices and relates to product testing and quality assurance, as well as the maintenance of records and documentation.

If the FDA finds that we have failed to comply, it can institute a wide variety of enforcement actions against us, ranging from a public Warning Letter to more severe sanctions, including but not limited to financial penalties, withdrawal of 510(k) premarket notification clearances already granted, and criminal prosecution.

When introduced in Europe, the Invisalign System will be regulated as a custom device. As such, we will not be subject to regulations promulgated by the European Community, although we have the option to CE mark our product. We are working toward the certification of our manufacturing process under ISO 9001, an internationally recognized quality standard, which will facilitate the commercialization of the Invisalign System outside the U.S.

Other Federal and State Laws. As a participant in the health care industry we are subject to extensive and frequently changing regulation under many other laws administered by governmental entities at the federal, state and local levels, some of which are, and others of which may be, applicable to our business. Furthermore, our health care service provider customers are also subject to a wide variety of laws and regulations that could affect the nature and scope of their relationships with us.

Laws regulating medical device manufacturers and health care providers cover a broad array of subjects. For example, the confidentiality of patient medical information and the circumstances under which such information may be released for inclusion in our databases, or released by us to third parties, are subject to substantial regulation by state governments. These state laws and regulations govern both the disclosure and the use of confidential patient medical information and are evolving rapidly. In addition, provisions of the Social Security Act prohibit, among other things, paying or offering to pay any remuneration in exchange for the referral of patients to a person participating in, or for the order, purchase or recommendation of items or services that are subject to reimbursement by Medicare, Medicaid and similar other federal or state healthcare programs. Most states have also enacted illegal remuneration laws that are similar to the federal laws. These laws are applicable to our financial relationships with, and any marketing or other promotional activities involving, our orthodontist customers. Finally, various states regulate the operations of an advertising and referral service for dentists, and may require registration of such services with a state agency as well as compliance with various requirements and restrictions on how they conduct business and structure their relationships with participating dentists. Violations of any of these laws or regulations could subject us to a variety of civil and criminal sanctions.

Employees

As of September 2000, we had approximately 910 employees, of whom approximately 360 were employed in the U.S., with the balance employed in Pakistan. In the U.S., manufacturing accounts for 190 of our staff. As of September 2000, we also employed approximately 30 software engineers, 30 sales representatives and 24 customer support staff.

We employ a staff of approximately 550 employees in our two facilities in Pakistan, most of whom are computer operators and about 50 of whom are dental and orthodontic supervisors. We believe that our relations with our employees are good.

Facilities

Our headquarters are located in Santa Clara, California. We lease approximately 70,000 square feet of space where we house our manufacturing, customer support, software

engineering and administrative personnel. The lease for the larger of the two Santa Clara facilities will expire in August 2005, while the lease for the smaller facility, roughly 15,000 square feet, will expire in August 2002. The combined monthly rent for the Santa Clara facilities is approximately $240,000.

We operate two facilities in Pakistan, both in the city of Lahore. Each facility accommodates approximately 300 employees. The main facility comprises over 5,000 square feet of office space. The lease for this facility expires at the end of 2002. The second facility comprises over 10,000 square feet of office space. The lease for this facility expires in August 2010.

Legal Proceedings

In January 2000, Ormco Corporation filed suit against us asserting infringement of U.S. Patent Nos. 5,447,432 and 5,683,243. The complaint sought unspecified and monetary damages and injunctive relief. In March 2000, we answered the complaint and asserted counterclaims seeking a declaration by the Court of invalidity and non-infringement of the asserted patents.

In June 2000, we entered into a Stipulation of Dismissal with Ormco. Ormco agreed for a period of at least two years to not pursue litigation with respect to these patents, except as set forth below. Further, Ormco agreed that it would not bring any patent action against us for at least a period of one year with respect to any as yet unissued patents. If Ormco were to bring such an action concerning as yet unissued patents after one year, the Stipulation of Dismissal would allow Ormco to include in such an action claims involving U.S. Patent Nos. 5,447,432 and 5,683,243. No assurance can be given that Ormco will not bring another action against us or, that if brought, it will not be successful. If successful, it could result in significant monetary damages or other penalties against us. It is entirely possible that, depending on the scope of any new patents that are issued to Ormco, Ormco will bring another patent action after a period of one year has passed.

From time to time, we have received, and may again receive, letters from third parties drawing our attention to their patent rights. While we do not believe that we infringe any such rights which have been brought to our attention, there may be other more pertinent rights of which we are presently unaware.

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors as of November 10, 2000:

Name	Age	Position
Zia Chishti	29	Chief Executive Officer and Chairman of the Board
Kelsey Wirth	30	President, Secretary and Director
Stephen Bonelli	38	Chief Financial Officer and Vice President, Finance
Ike Udechuku	34	Vice President, Corporate Strategy
Joe Breeland	48	Vice President, Sales
Len Hedge	43	Vice President, Manufacturing
Amir Abolfathi	35	Vice President, Research and Development
Ken Vargha	36	Vice President, Marketing
Christian Skieller	52	Vice President, Operations
James Heslin	49	Vice President, General Counsel
Ross Miller, DDS, MS	38	Chief Clinical Officer
Charlie Wen	34	Chief Technology Officer
Peter Riepenhausen	64	Chairman, Align Technology, Europe
Brian Dovey	59	Director
Joe Lacob	43	Director
Mark Logan	61	Director
H. Kent Bowen	58	Director

Zia Chishti is one of our founders and has served as our Chief Executive Officer and the Chairman of our Board of Directors since inception. From July 1992 to September 1995, Mr. Chishti worked for Morgan Stanley's investment banking division. Mr. Chishti received his M.B.A. from Stanford University's Graduate School of Business and his B.S. and B.A. from Columbia College.

Kelsey Wirth is one of our founders and has served as our President and Secretary and as a Director since inception. From 1993 to 1995, Ms. Wirth worked for the Environmental Working Group and World Resources Institute as an environmental consultant, and in 1992 she worked for the Lamm Senate campaign as director of constituency outreach. Ms. Wirth received her M.B.A. from Stanford University's Graduate School of Business and her B.A. from Harvard College.

Stephen Bonelli has served as our Chief Financial Officer and Vice President of Finance since November 2000. From April 2000 to November 2000, Mr. Bonelli was a financial consultant for various medical device and telecommunications companies. From February 2000 to April 2000, Mr. Bonelli was the Chief Financial Officer and Treasurer at Oplink Communications, Inc., an optical networking components company. Prior to joining Oplink, Mr. Bonelli was the Chief Financial Officer, Vice President of Finance and Administration and Treasurer of General Surgical Innovations, Inc., a medical device company, from September 1994 until shortly after General Surgical Innovations was acquired by Tyco International Ltd. in November 1999. From November 1993 to August 1994, Mr. Bonelli held a financial management position at Coactive Computing Corporation, a computer networking company. Mr. Bonelli received his B.S. in business administration from California Polytechnic State University, San Luis Obispo. Mr. Bonelli is a Certified Public Accountant.

Ike Udechuku has served as our Vice President of Corporate Strategy since November 2000. From January 2000 until July 2000, Mr. Udechuku served as one of our consultants in

various financial positions. In July 2000, he became an employee, serving as Chief Financial Officer from July 2000 to November 2000. From 1989 to January 2000, Mr. Udechuku worked for Morgan Stanley's investment banking division in London, most recently as an Executive Director. While at Morgan Stanley, Mr. Udechuku concentrated on mergers and acquisitions and capital raising for European clients. From 1985 to 1989, Mr. Udechuku worked for the Australian government in the Treasury. Mr. Udechuku graduated with B.A. degrees in both economics and law from the Australian National University in 1988.

Joe Breeland has served as our Vice President of Sales since August 1998. Mr. Breeland was Regional Manager for the "A" Company Orthodontics, a leading manufacturer of orthodontic devices. Prior to that, Mr. Breeland served as Southwest Regional Manager for Allergan, Inc., a manufacturer and distributor of ophthalmic implantables and associated capital equipment, and National Sales Director for Ioptex Research, a manufacturer of intraocular lenses. Mr. Breeland received his M.B.A. from Golden Gate University and his B.S. in pharmacy from the University of Texas.

Len Hedge has served as our Vice President of Manufacturing since January 1999. Mr. Hedge served as Vice President of Operations for Plynetics Express Corporation, a rapid-prototyping and stereolithography services supplier, from December 1996 to December 1998. From October 1991 to December 1996, Mr. Hedge worked at Beckman Instruments Corporation as Manager for Prototype Manufacturing and Process Development. Prior to joining Beckman, Mr. Hedge spent 13 years with General Dynamics Corporation, holding positions of increasing responsibility from Machinist to Manager of Mechanical Fabrication. Mr. Hedge received his B.S. from La Verne University.

Amir Abolfathi has served as our Vice President of Research and Development since March 2000. From November 1999 to March 2000, Mr. Abolfathi served as our Senior Director of Planning and Execution. Mr. Abolfathi served as a consultant for a number of medical device companies from February 1999 through November 1999. From April 1995 through January 1999, Mr. Abolfathi served as Senior Director of Research and Development for EndoTex Interventional Systems, Inc., a company focused on the treatment of neurovascular diseases which he co-founded. From 1991 to 1995, he served as Program Manager at Pfizer, Inc. From 1989 to 1991, Mr. Abolfathi served as Group Leader of Reliability Engineering at Guidant Corporation. Mr. Abolfathi received his M.S. in engineering management from the University of Southern California and his B.S. in biomedical engineering from the University of California at San Diego.

Ken Vargha has served as our Vice President of Marketing since September 1998. From November 1994 through August 1998, Mr. Vargha served in a number of positions for Pharmacia & Upjohn, Inc. including Brand Manager, Senior Brand Manager and Director of Marketing. At Pharmacia & Upjohn, Mr. Vargha was responsible for the strategic direction, marketing research, and advertising development for Pharmacia & Upjohn's hair care brands, of which Rogaine is the largest. Prior to that, Mr. Vargha worked in beauty care at both Maybelline, Inc., where he was responsible for a targeted line of cosmetics, and at the Procter & Gamble Company, where Mr. Vargha was responsible for the advertising and launch of Pantene Pro-V styling products. Mr. Vargha received his M.B.A. from the University of California at Los Angeles' Anderson School of Business and his B.A. from Brigham Young University.

Christian Skieller has served as our Vice President of Operations since July 2000. From November 1998 to June 2000, Mr. Skieller served as Vice President of Operations at CardioVention, a medical device company. From August 1996 through May 1998, he was Vice President of Operations at CardioThoracic Systems, a manufacturer of devices for cardiac surgery. From January 1992 through July 1996, Mr. Skieller served as Vice President of

Manufacturing for Medtronic CardioRhythm, a manufacturer of catheters for electrophysiology. Mr. Skieller, received his M.B.A from Stanford University's Graduate School of Business and his B.S. from the Technical University in Copenhagen, Denmark.

James Heslin has served as our Vice President and General Counsel since August 2000. Since 1986, Mr. Heslin was a Partner at Townsend, Townsend and Crew LLP. Mr. Heslin was head of the firm's Medical Device Practice Group and a member of its Executive Committee. Mr. Heslin's practice concentrated on advising clients on how to best obtain, protect, and enforce their intellectual property rights. Prior to Townsend, Townsend and Crew LLP, Mr. Heslin was a patent attorney with FMC Corporation and a process engineer with Fluor Corporation. Mr. Heslin received his J.D. from the University of California's Boalt Hall School of Law and his B.S. in chemical engineering from University of California at Santa Barbara.

Ross Miller, DDS, MS, has served as our Chief Clinical Officer since July 1998. Dr. Miller served in private clinical practice for seven years, most recently as Dental Director for the Tuolumne Indian Health Center. Dr. Miller received his M.S. and B.S. in Oral Biology from the University of California at San Francisco, his D.D.S and Certificate of Orthodontics from the University of California at San Francisco and his B.S. in Biological Sciences from the University of California at Irvine.

Charlie Wen has served as our Chief Technology Officer since July 2000, having joined us as Director of Software Engineering in June 1998. Mr. Wen has over 10 years of working experience specializing in high end 3D computer graphics/animation, computational geometry and pattern recognition. From January 1997 to June 1998, Mr. Wen served as Software Engineering Project Manager for Sony Pictures Corporation, Special Effects Division. From December 1993 to January 1997, Mr. Wen was a Senior Software Engineer for the McNeal Schwendler Corporation, a leading CAD/CAM/CAE software provider. Mr. Wen received his M.S. degree in Computer Science from the California Institute of Technology and his B.S. degree from University of Science and Technology, China. Mr. Wen is a two-time winner of the Chinese National Mathematics Award.

Peter Riepenhausen has served as our Chairman, Align Technology, Europe since September 2000. From March 1998 to September 2000, Mr. Riepenhausen was a business consultant. From 1994 to 1998, Mr. Riepenhausen was President and Chief Executive Officer of ReSound Corporation, a hearing aid producer. Since September 2000, Mr. Riepenhausen has served as a director of GAP A.G. and as a director of Advanced Polymer Systems, Inc. since 1991. From January 1987 until September 1989, Mr. Riepenhausen served as Vice Chairman of the board of directors of the Cooper Companies, Inc., a medical device company serving the vision and surgical markets. Mr. Riepenhausen has also held executive positions with Brendax-Werke R. Schneider Gmbh & Co. and PepsiCo Inc. Mr. Riepenhausen received his Industrie Kaufman degree in Commerce from IHK, Wurtzburg.

Brian Dovey has served as a director since July 1998. Mr. Dovey has been a Managing Member of Domain Associates, a venture capital firm, since 1988. Since joining Domain, he has served as Chairman of Athena Neurosciences, Creative BioMolecules, Inc. (now Curis, Inc.) and Univax Biologics. Mr. Dovey is currently a director of Connetics Corporation, a biopharmaceutical company and Cardiac Sciences, a developer of cardiac defibrillator devices, as well as several private companies. From 1986 to 1988, Mr. Dovey served Rorer Group (now Aventis) as President. Mr. Dovey has served as both President and Chairman of the National Venture Capital Association and is on the Board of Trustees for the Cornell Institute and the University of Pennsylvania School of Nursing. Mr. Dovey is a former Board Member of the Health Industry Manufacturers Association and the Non-Prescription Drug Manufacturers Association. Mr. Dovey received his M.B.A. from Harvard University's Graduate School of Business and his B.A. from Colgate University.

Joseph Lacob has served as a director since August 1997 and has been a Partner of Kleiner Perkins Caufield and Byers, a venture capital firm, since May 1987. Prior to that, Mr. Lacob was an executive with Cetus Corporation, a biotechnology company, and FHP International, a health maintenance organization and the management consulting firm of Booz, Allen & Hamilton. Since joining Kleiner Perkins Caufield and Byers in 1987, Mr. Lacob has led Kleiner Perkins Caufield and Byers' investments in over 30 life science companies, including the start-up or incubation of a dozen ventures. He leads Kleiner Perkins Caufield and Byers' growing medical technology practice, which includes over 30 therapeutic and diagnostic medical device companies. Mr. Lacob is also active in Kleiner Perkins Caufield and Byers' new media and e-commerce company initiatives. Mr. Lacob currently serves on the board of directors of three public companies including Sportsline, Corixa and HeartPort, as well as several other privately held companies. Mr. Lacob received his M.B.A. from the Stanford Graduate School of Business, his M.P.H. in Public Health from University of California at Los Angeles and his B.S. in Biological Sciences from the University of California at Irvine.

Mark Logan has served as a director since May 2000. Mr Logan is Chairman of the Board and Chief Executive Officer of VISX, Inc., a medical equipment manufacturing company which he joined in November 1994. From 1992 to 1994, Mr. Logan was Chairman of the Board, President and Chief Executive Officer of Insmed Pharmaceuticals, Inc., a development stage biopharmaceutical company. From 1981 to 1985, Mr. Logan was President of Bausch and Lomb's Health Care and Consumer Group and also served on the board of directors. From 1975 to 1981, Mr. Logan served as Consumer Group President of Becton, Dickinson & Co.'s worldwide diabetes syringe business. From 1967 to 1974, Mr. Logan served as President and General Manager of American Home Products Corporation's Mexican subsidiary. He serves as a director on the boards of Abgenix, Inc., a biopharmaceutical company, VIVUS, Inc., a drug development company, and Somnus Medical Technologies, Inc., a medical device company. Mr. Logan is a graduate of Hiram College, the Program for Management Development at Harvard University and was a Woodrow Wilson Fellow at New York University.

H. Kent Bowen has served as a director since May 2000. Mr. Bowen has been the Bruce Rauner Professor in Business Administration at Harvard University's Graduate School of Business Administration since 1992. Professor Bowen's current research and teaching is in the field of operations and technology management. From 1975 to 1992, Professor Bowen was the Ford Professor of Engineering at the Massachusetts Institute of Technology, where he was the founder of Leaders for Manufacturing, a joint research and education program developed by M.I.T.'s School of Engineering and the Sloan School of Management. At M.I.T., Professor Bowen's research focused on advanced materials, materials processing, technology management and manufacturing. Professor Bowen is a member of the National Academy of Engineering and the American Academy of Arts and Sciences, a fellow of the American Association for the Advancement of Science, and a member of several professional societies. He serves as a director of Ceramics Process Systems, a developer of thermal management solutions, and for a number of private companies. He received his Ph.D. from M.I.T in Engineering, and his B.S. from the University of Utah.

Scientific Advisory Board

We employ a scientific advisory board, comprised of leading clinicians and scientists, to serve as advisors and liaisons to the orthodontic community. The current members of the scientific advisory board are:

Dr. Robert Boyd is Professor and Chairperson of the Department of Orthodontics at the University of Pacific School of Dentistry. His practice and clinical research focuses on the orthodontic-periodontic relationship. In this area, he has published more than 100 scientific

articles and given more than 200 continuing education courses and lectures to dental groups around the world. Dr. Boyd is a Diplomate of the American Board of Orthodontics, a Fellow of the American College of Dentistry, a member of the E.H. Angle Society and has received many teaching awards. Dr. Boyd received his D.D.S. from Temple University, his M.A. in Education from the University of Florida, his B.S. from Indiana University and his Certificates of Orthodontics and Periodontics from the University of Pennsylvania.

Dr. Donald Kennedy is President Emeritus of Stanford University and Bing Professor of Environmental Science. From 1977 to 1979, Dr. Kennedy was Commissioner of the U.S. Food and Drug Administration. Following his return to Stanford in 1979, Dr. Kennedy served for 12 years as President of the University. Dr. Kennedy serves as a member of the Board of Directors of the Health Effects Institute and Children Now. He is also a member of the National Academy of Sciences, the American Academy of Arts and Sciences and the American Philosophical Society. Dr. Kennedy received his Ph.D., M.S. and A.B. degrees in Biology from Harvard University. In June 2000, Dr. Kennedy began a term as Editor-in-Chief of Science, the Journal of the American Association for the Advancement of Science.

Dr. Gregory King is Professor and Chairman of the Department of Orthodontics at the University of Washington's School of Dentistry. Dr. King received the Milo Hellman Research Award of the American Association of Orthodontics for his outstanding contributions to orthodontic research. Prior to joining the University of Washington, Dr. King was Professor and Chairman of the Department of Orthodontics at the University of Florida. Dr. King is a Diplomate of the American Association of Orthodontists. He received his D.M.D. from Tufts University, his Ph.D. and B.A. from Brown University and his Certificate in Orthodontics from Harvard University.

Dr. Elizabeth Rekow is Professor and Chairperson of the Department of Orthodontics at the University of Medicine and Dentistry of New Jersey, a visiting Professor of the Department of Mechanical Engineering at the University of Maryland and the Director of the Associated Institutions for Material Science. She has focused her teaching and research on the interaction between engineering, advanced materials and dentistry and in these fields has published numerous articles. Dr. Rekow is a member of the E.H. Angle Society, a member of the International and American Associations for Dental Research and a fellow of the Academy of Dental Materials. Dr. Rekow received her D.D.S., her Ph.D. in Biomedical Engineering and her Orthodontic Certificate from the University of Minnesota.

Dr. Van P. Thompson is Associate Dean for Research and Professor of Prosthodontics and Biomaterials at the University of Medicine and Dentistry of New Jersey. Dr. Thompson has published many articles and made numerous presentations on dental materials in the U.S. and internationally. Co-developer of the etched casting resin bonded retainer, Dr. Thompson has published and presented extensively in this area. He has served on the ADA Council on Dental Materials Instruments and Equipment and is Chair of the ADA Council on Scientific Affairs. Dr. Thompson received his D.D.S. from the University of Maryland, his Ph.D. in Biology and his B.S. in Biology and Biophysics from the Rensselaer Polytechnic Institute.

Board of Directors

We currently have six directors. Other than expenses in connection with attendance at meetings and other customary expenses, we have not provided cash compensation to any non-employee member of the board. Directors who are also employees do not receive additional compensation for serving as directors. As of September 30, 2000, the directors have been granted options to purchase an aggregate of 124,000 shares of our common stock.

Under the automatic option grant program which will be in effect for the non-employee board members under the 2001 Stock Incentive Plan, each non-employee board member will receive an automatic option grant for shares at each annual stockholders meeting during his or her period of continued service on the board, with such shares to vest upon completion of one year of board service measured from the grant date. Each new non-employee board member will receive, at the time of his or her initial election or appointment to the board, an automatic option grant for shares which will vest in four successive equal annual installments over his or her first four years of board service. For further information concerning the automatic option grant program, see the "Stock Plans" section below.

Our bylaws provide that the number of members of our board of directors shall be determined by the board of directors. All members of our board of directors hold office until the next annual meeting of stockholders or until their successors are duly elected and qualified.

Committees of the Board of Directors

The audit committee is composed of Joseph Lacob, Mark Logan and Brian Dovey. It is responsible for reviewing and evaluating our financial control, audit and reporting functions. In addition, the audit committee makes recommendations to the board of directors regarding the selection of our independent accountants, reviews the fees to be paid to our independent accountants and reviews any independence issues with our independent accountants.

The compensation committee is composed of Mark Logan and Kent Bowen. It recommends to our board of directors the compensation and benefits of all our officers and establishes and reviews general policies relating to compensation and benefits to our employees.

Executive Officers

Each officer is elected by, and serves at the discretion of, the board of directors. Each of our officers and directors, other than non-employee directors, devotes full-time to our affairs. Our non-employee directors devote such time to our affairs as is necessary to discharge their duties. There are no family relationships among any of our directors, officers or key employees.

Executive Compensation

The following table sets forth information concerning compensation that we paid during the fiscal year ended December 31, 1999, to our Chief Executive Officer and to each of our four other most highly compensated executive officers for that fiscal year, referred to collectively in this prospectus as the named executive officers. There were no long-term compensation awards or other compensation awarded to our named executive officers during 1999.

Summary Compensation Table

Name and Principal Position	Annual Compensation	
	Salary	Bonus
Zia Chishti..... Chief Executive Officer and Chairman of the Board	$130,327	$ --
Kelsey Wirth..... President, Secretary and Director	130,327	--
Kenneth Vargha..... Vice President, Marketing	133,223	16,560
Joe Breeland..... Vice President, Sales	87,012	40,916
Ross Miller, DDS, MS..... Chief Clinical Officer	173,767	--

Option Grants in 1999

The following table sets forth information with respect to stock options granted to each of our named executive officers in 1999, including the potential realizable value over the term of the options, based on assumed rates of stock appreciation of 5% and 10%, compounded annually. No stock appreciation rights were granted during 1999.

Name	Number of Securities Underlying Options Granted	Percent of Options Granted to Employees in Fiscal Year	Exercise Price Per Share	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term at Public Offering Price	
					5%	10%
Zia Chishti.....	--	--%	$ --	--	$ --	$ --
Kelsey Wirth.....	--	--	--	--	--	--
Kenneth Vargha.....	--	--	--	--	--	--
Joe Breeland.....	--	--	--	--	--	--
Ross Miller.....	10,000	2.7	0.30	1/28/09	--	--

In 1999, we granted options to purchase up to an aggregate of 368,300 shares to employees, directors and consultants under our 1997 Plan at exercise prices equal to the fair market value of our common stock on the date of grant, as determined in good faith by our board of directors.

Options granted are immediately exercisable in full, but any shares purchased under these options that are not vested are subject to our right to repurchase the shares at the original option exercise price paid per share. In general, this repurchase right lapses as to 25% of the shares after one year of service, and as to the remaining shares, in equal monthly installments over the subsequent, additional three-year period. As of November 10, 2000, 697,386 shares of common stock were subject to repurchase.

The potential realizable value is calculated assuming the potential public offering price appreciates at the indicated rate for the entire term of the option and that the option is exercised and sold on the last day of its term at the appreciated price. Stock price appreciation of 5% and 10% is assumed pursuant to the rules of the Commission. We can give no assurance that the actual stock price will appreciate over the term of the options at the assumed 5% and 10% levels or at any other defined level. Actual gains, if any, on stock option exercises will be dependent on the future performance of our common stock. Unless the market price of the common stock appreciates over the option term, no value will be realized from the option grants made to the named executive officers.

Aggregate Option Exercises in 1999 and Year-end Values at December 31, 1999

The following table sets forth information concerning the number and value of shares of common stock underlying the unexercised options held by the named executive officers. The options listed in the following table were granted under our 1997 Plan. See "Management--Stock Plans." No stock appreciation rights were exercised during 1999 and no stock appreciation rights were outstanding as of December 31, 1999. The value of unexercised in-the-money options at December 31, 1999 is calculated on the basis of the fair market value of our common stock at December 31, 1999, as determined by our board of directors, less the aggregate exercise price of the options.

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at December 31, 1999		Value of Unexercised In-the-Money Options at December 31, 1999	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Zia Chishti.....	--	$ --	--	--	$ --	$ --
Kelsey Wirth.....	--	--	--	--	--	--
Kenneth Vargha.....	20,000	10,000	30,000	--	15,000	--
Joe Breeland.....	50,000	25,000	--	--	--	--
Ross Miller.....	5,312	2,656	19,688	--	9,844	--

Compensation Plans

Amended and Restated 1997 Equity Incentive Plan

At September 30, 2000, a total of 4,854,546 shares of common stock had been reserved for issuance under our 1997 Plan. On that date, options to purchase an aggregate of 2,155,998 shares of common stock, with a weighted average exercise price of $1.59 per share, were outstanding and options to purchase an aggregate of 1,177,621 shares of common stock were available for future grant.

The 1997 Plan provides for the grant of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, non-statutory stock options, stock bonuses and restricted stock purchase rights to our employees, consultants and nonemployee directors. The 1997 Plan is administered by the board of directors or a committee appointed by the board of directors, which determines the terms of options granted, including the exercise price and the number of shares subject to each option. The board of directors also determines the schedule upon which options become exercisable. The exercise price of incentive stock options granted under the 1997 Plan must be at least equal to the fair market value of our common stock on the date of grant. The exercise price of nonqualified stock options is set by the administrator of the 1997 Plan and will be no less than 85% of the fair market value on the date of grant. However, for any person holding more than 10% of the voting power of all classes of our capital stock, the exercise price, whether the

option is an incentive stock option or a nonqualified option, will be no less than 110% of the fair market value on the date of grant. Any stock option will be exercisable at such time as determined by the administrator of the 1997 Plan. However, the right to exercise an option must vest at the rate of at least 20% per year over five years. The maximum term of options granted under the 1997 Plan is ten years. The 1997 Plan will terminate in 2007, unless terminated earlier in accordance with its provisions.

The vesting provisions of individual options granted under the 1997 Plan vary. However, in each case it provides for vesting of at least twenty percent per year of the total number of shares subject to the option. The 1997 Plan also provides that options granted may include a right of repurchase by us whereby, prior to being listed on a securities exchange, we may elect to repurchase all or any part of the vested shares exercised pursuant to the option. We may elect the repurchase right only for a period of time following the termination of the optionee's employment relationship as a director or consultant. The repurchase price is equal to the fair market value of our common stock at the time of the optionee's termination.

2001 Stock Incentive Plan

The 2001 Stock Incentive Plan is intended to serve as the successor program to the 1997 Plan. The 2001 Plan was adopted by the board on August 24, 2000. The 2001 Plan will become effective upon the closing of this offering. At that time, all outstanding options under the 1997 Plan will be transferred to the 2001 Plan, and no further option grants will be made under the 1997 Plan. The transferred options will continue to be governed by their existing terms, unless our compensation committee decides to extend one or more features of the 2001 Plan to those options. Except as otherwise noted below, the transferred options have substantially the same terms as will be in effect for grants made under the discretionary option grant program of the 2001 Plan.

2,700,000 shares of our common stock have been authorized for issuance under the 2001 Plan. This share reserve is in addition to the number of shares we expect will be carried over from the 1997 Plan. The share reserve under the 2001 Plan will automatically increase on the first trading day in January each calendar year, beginning in calendar year 2002, by an amount equal to five percent of the total number of shares of our common stock outstanding on the last trading day in December of the immediately preceding calendar year, but in no event will this annual increase exceed 3,000,000 shares. In addition, no participant in the 2001 Plan may be granted stock options, separately exercisable stock appreciation right and direct stock issuances for more than 1,000,000 shares of common stock in any calendar year.

The 2001 Plan has five separate programs:

- The discretionary option grant program, under which eligible individuals in our employ may be granted options to purchase shares of our common stock at an exercise price not less than the fair market value of those shares on the grant date.

- The stock issuance program, under which eligible individuals may be issued shares of common stock directly, through the purchase of such shares at a price not less than their fair market value at the time of issuance or as a bonus tied to the attainment of performance milestones or the completion of a specified period of service.

- The salary investment option grant program, under which our executive officers and other highly compensated employees may be given the opportunity to apply a portion of their base salary each year to the acquisition of special below market stock option grants.

- The automatic option grant program, under which option grants will automatically be made at periodic intervals to eligible non-employee board members to purchase shares of common stock at an exercise price equal to the fair market value of those shares on the grant date.

- The director fee option grant program, under which our non-employee board members may be given the opportunity to apply a portion of any retainer fee otherwise payable to them in cash each year to the acquisition of special below-market option grants.

The individuals eligible to participate in the 2001 Plan include our officers and other employees, our board members and any consultants we hire.

The discretionary option grant and stock issuance programs will be administered by the compensation committee. This committee will determine which eligible individuals are to receive option grants or stock issuances under those programs, the time or times when the grants or issuances are to be made, the number of shares subject to each grant or issuance, the status of any granted option as either an incentive stock option or a non-statutory stock option under the federal tax laws, the vesting schedule to be in effect for the option grant or stock issuance and the maximum term for which any granted option is to remain outstanding. The compensation committee will also have the exclusive authority to select the executive officers and other highly compensated employees who may participate in the salary investment option grant program in the event that program is put into effect for one or more calendar years.

The 2001 Plan will include the following features:

- The exercise price for any options granted under the plan may be paid in cash or in shares of our common stock valued at fair market value on the exercise date. The option may also be exercised through a same-day sale program without any cash outlay by the optionee. In addition, the plan administrator may provide financial assistance to one or more participants in the exercise of their outstanding options or the purchase of their shares by allowing such individuals to deliver a full-recourse, interest-bearing promissory note in payment of the exercise or purchase price of the shares and any associated withholding taxes incurred in connection with such exercise or purchase.

- The compensation committee will have the authority to cancel outstanding options under the discretionary option grant program, including any transferred options from the 1997 Plan, in return for the grant of new options for the same or different number of option shares with an exercise price per share based upon the fair market value of our common stock on the new grant date.

- Stock appreciation rights may be issued under the discretionary option grant program. These rights will provide the holders with the election to surrender their outstanding options for a payment from us equal to the fair market value of the shares subject to the surrendered options less the exercise price payable for those shares. We may make the payment in cash or in shares of our common stock. None of the options under the 1997 Plan have any stock appreciation rights.

The 2001 Plan will include the following change in control provisions which may result in the accelerated vesting of outstanding option grants and stock issuances:

- In the event that we are acquired by merger or asset sale, each outstanding option under the discretionary option grant program which is not to be assumed by the

successor corporation will immediately become exercisable for all the option shares, and all outstanding unvested shares will immediately vest, except to the extent our repurchase rights with respect to those shares are to be assigned to the successor corporation.

- The compensation committee will have complete discretion to grant one or more options which will become exercisable for all the option shares in the event those options are assumed in the acquisition but the optionee's service with us or the acquiring entity is subsequently terminated. The vesting of any outstanding shares under the 2001 Plan may be accelerated upon similar terms and conditions.

- The compensation committee may grant options and structure repurchase rights so that the shares subject to those options or repurchase rights will immediately vest in connection with a successful tender offer for more than 50% of our outstanding voting stock or a change in the majority of our board through one or more contested elections. Such accelerated vesting may occur either at the time of such transaction or upon the subsequent termination of the individual's service.

- The options outstanding under our 1997 Plan will immediately vest in the event we are acquired by merger or asset sale, unless those options are assumed by the acquiring entity or our repurchase rights with respect to any unvested shares subject to those options are assigned to such option. In addition, those options will vest in full if the optionee's employment with us is involuntarily terminated within 12 months following an acquisition in which the options are assumed.

In the event the compensation committee decides to put the salary investment option grant program into effect for one or more calendar years, each of our executive officers and other highly compensated employees selected for participation may, prior to the start of the calendar year, elect to reduce his or her base salary for the calendar year by an amount not less than $10,000 nor more than $50,000. Each selected individual who makes such an election will automatically be granted, on the first trading day in January of the calendar year for which his or her salary reduction is to be in effect, an option to purchase that number of shares of common stock determined by dividing the salary reduction amount by two-thirds of the fair market value per share of our common stock on the grant date. The option will have exercise price per share equal to one-third of the fair market value of the option shares on the grant date. As a result, the option will be structured so that the fair market value of the option shares on the grant date less the exercise price payable for those shares will be equal to the amount by which the optionee's salary is to be reduced under the program. The option will become exercisable in a series of 12 equal monthly installments over the calendar year for which the salary reduction is to be in effect.

Each automatic grant will have an exercise price per share equal to the fair market value per share of our common stock on the grant date and will have a term of ten years, subject to earlier termination following the optionee's cessation of board service. The option will be immediately exercisable for all of the option shares; however, we may repurchase, at the exercise price paid per share, any shares purchased under the option which are not vested at the time of the optionee's cessation of board service. The shares subject to each initial share automatic option grant will vest in a series of four successive annual installments upon the optionee's completion of each year of board service over the four year period measured from the grant date. The shares subject to each -share annual option grant will vest upon optionee's completion of one year of board service measured from the grant date. The shares subject to each option will immediately vest in full upon certain changes in control or ownership or upon the optionee's death or disability while a board member.

If the director fee option grant program is put into effect in the future, then each non-employee board member may elect to apply all or a portion of any cash retainer fee for the year to the acquisition of a below-market option grant. The option grant will automatically be made on the first trading day in January in the year for which the retainer fee would otherwise be payable in cash. The option will have an exercise price per share equal to one-third of the fair market value of the option shares on the grant date, and the number of shares subject to the option will be determined by dividing the amount of the retainer fee applied to the program by two-thirds of the fair market value per share of our common stock on the grant date. As a result, the option will be structured so that the fair market value of the option shares on the grant date less the exercise price payable for those shares will be equal to the portion of the retainer fee applied to that option. The option will become exercisable in a series of 12 equal monthly installments over the calendar year for which the election is in effect. However, the option will become immediately exercisable for all the option shares upon the death or disability of the optionee while serving as a board member.

The 2001 Plan will also have the following features:

- Outstanding options under the salary investment option grant program and the automatic and director fee option grant programs will immediately vest if we are acquired by a merger or asset sale or if there is a successful tender offer for more than 50% of our outstanding voting stock or a change in the majority of our board through one or more contested elections.

- Limited stock appreciation rights will automatically be included as part of each grant made under the salary investment option grant program and the automatic and director fee option grant programs, and these rights may also be granted to one or more officers as part of their option grants under the discretionary option grant program. Options with this feature may be surrendered to us upon the successful completion of a hostile tender offer for more than 50% of our outstanding voting stock. In return for the surrendered option, the optionee will be entitled to a cash distribution from us in an amount per surrendered option share based upon the highest price per share of our common stock paid in that tender offer.

- The board may amend or modify the 2001 Plan at any time, subject to any required stockholder approval. The 2001 Plan will terminate no later than August 23, 2011.

Employee Stock Purchase Plan

Our Employee Stock Purchase Plan was adopted by the board on August 24, 2000. The Purchase Plan will become effective upon the closing of this offering. The Purchase Plan is designed to allow our eligible employees and the eligible employees of our participating subsidiaries to purchase shares of common stock, at semi-annual intervals, with their accumulated payroll deductions.

500,000 shares of our common stock will initially be reserved for issuance under the Purchase Plan. The reserve will automatically increase on the first trading day in January each calendar year, beginning in calendar year 2002, by an amount equal to one percent of the total number of outstanding shares of our common stock on the last trading day in December of the immediately preceding calendar year. In no event will any such annual increase exceed 1,000,000 shares.

The Purchase Plan will have a series of successive overlapping offering periods, with a new offering period beginning on the first business day of February and August each year. Each offering period will continue for a period of 24 months, unless otherwise determined by

our compensation committee. However, the initial offering period will start on the date the underwriting agreement for this offering is signed and will end on the last business day of January 2003. The next offering period will start on the first business day of August 2001 and end on the last business day in July 2003.

Individuals scheduled to work more than 20 hours per week for more than five calendar months per year may join an offering period on the start date of that period. Employees may participate in only one offering period at any time.

A participant may contribute up to 15% of his or her cash earnings through payroll deductions, and the accumulated deductions will be applied to the purchase of shares on each semi-annual purchase date. For the first purchase interval under the plan, the participant may effect his or her contribution through a lump sum payment up to 15% of his or her cash earnings for that period. Semi-annual purchase dates will occur on the last business day of January and July each year, with the first purchase to occur on the last business day of July 2001. The purchase price per share on each semi-annual purchase date will be equal to 85% of the fair market value per share on the start date of the offering period or, if lower, 85% of the fair market value per share on the semi-annual purchase date. However, a participant may not purchase more than 2,500 shares on any purchase date, and not more than 125,000 shares may be purchased in total by all participants on any purchase date. Our compensation committee will have the authority to change these limitations for any subsequent offering period.

If the fair market value per share of our common stock on any purchase date is less than the fair market value per share on the start date of the 24-month offering period, then the participants in that offering period will, following the purchase of shares on their behalf on that date, be automatically enrolled in the next offering period beginning immediately after such purchase date.

Should we be acquired by merger or sale of substantially all of our assets or more than 50% of our voting securities, then all outstanding purchase rights will automatically be exercised immediately prior to the effective date of the acquisition. The purchase price will be equal to 85% of the market value per share on the start date of the offering period in which the acquisition occurs or, if lower, 85% of the fair market value per share immediately prior to the acquisition.

The following provisions will also be in effect under the Purchase Plan:

- The Purchase Plan will terminate no later than the last business day of January 2011.

- The board may at any time amend, suspend or discontinue the Purchase Plan. However, certain amendments may require stockholder approval.

Limitations of Liability and Indemnification Matters

Our certificate of incorporation eliminates, to the maximum extent allowed by the Delaware General Corporation Law, directors' personal liability to our stockholders for monetary damages or breaches of fiduciary duties. Our certificate of incorporation does not, however, eliminate or limit the personal liability of a director for the following:

- any breach of the director's duty of loyalty to us or our stockholders;

- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

- unlawful payments of dividends or unlawful stock repurchases or redemptions; or

- any transaction from which the director derived an improper personal benefit.

Our bylaws provide that we shall indemnify our directors and executive officers to the fullest extent permitted under the Delaware General Corporation Law and may indemnify our other officers, employees and other agents as set forth in the Delaware General Corporation Law. In addition, we have entered into an indemnification agreement with each of our directors and executive officers. The indemnification agreements contain provisions that require us, among other things, to indemnify our directors and executive officers against liabilities (other than liabilities arising from intentional or knowing and culpable violations of law) that may arise by reason of their status or service as directors or executive officers for us or other entities to which they provide service at our request and to advance expenses they may incur as a result of any proceeding against them as to which they could be indemnified. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified directors and officers.

Prior to the consummation of the offering, we will obtain an insurance policy covering directors and officers for claims they may otherwise be required to pay or for which we are required to indemnify them.

At present, there is no pending litigation or proceeding involving any of our directors, officers, employees or agents where indemnification will be required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Preferred Stock Sales

On August 29, 1997, we issued a total of 2,175,000 shares of Series A Preferred Stock at a purchase price of $1.00 per share. Of the 2,175,000 shares of Series A Preferred Stock sold by us, a total of 1,838,000 shares were sold to our executive officers, directors and greater than 5% stockholders, and persons associated with them, listed in the table below for a total purchase price of $1,838,000.

On July 13, 1998, we issued a total of 3,358,562 shares of Series B Preferred Stock at a purchase price of $3.00 per share. Of the 3,358,562 shares of Series B Preferred Stock sold by us, a total of 2,540,207 shares were sold to our executive officers, directors and greater than 5% stockholders, and persons associated with them, listed in the table below for a total purchase price of $7,620,621.

On August 19, 1999, we issued a promissory note in the principal amount of $750,000 bearing interest at 6% per annum to Kleiner Perkins Caufield and Byers. Immediately upon the first closing of the Series C Preferred Stock financing, the principal amount under the notes automatically converted into shares of Series C Preferred Stock at $8.00 per share.

On September 24, 1999 and October 14, 1999, we issued a total of 2,593,114 shares of Series C Preferred Stock at a purchase price of $8.00 per share. Of the 2,593,114 shares of Series C Preferred Stock sold by us, a total of 1,963,875 shares were sold to our executive officers, directors and greater than 5% stockholders, and persons associated with them, listed in the table below for a total purchase price of $15,711,000.

In May 2000, we issued promissory notes to purchasers in the total principal amount of $14,000,000 bearing interest at 10% per annum. Of the $14,000,000 principal amount of the notes issued by us, $3,000,000 principal amount of the notes was issued to entities affiliated with Kleiner Perkins Caufield and Byers, $2,000,000 principal amount of the notes was issued to Domain Partners III, L.P., $4,000,000 principal amount of the notes was issued to QuestMark Partners, L.P. and $5,000,000 principal amount of the notes was issued to Gordon Gund and trusts held for his immediate family members. Immediately upon the first closing of the Series D Preferred Stock financing, the principal amount under the notes and accrued interest thereon automatically converted into shares of Series D Preferred Stock at $21.25 per share.

On May 25, June 20 and October 5, 2000, we issued a total of 4,767,191 shares of Series D Preferred Stock at a purchase price of $21.25 per share. Of the 4,767,191 shares of Series D Preferred Stock sold by us, a total of 3,431,091 shares were sold to our executive officers, directors and greater than 5% stockholders, and persons associated with them, listed in the table below for a total purchase price of $72,910,684.

Our Series D preferred stock is subject to an antidilution conversion price adjustment feature which we triggered when we granted options to purchase our common stock beyond the number of options that were authorized under our 1997 Plan at the time we commenced our Series D preferred stock offering in May 2000. The conversion feature provides that if, during the period between May 12, 2000 and the earlier of the closing of an initial public offering or January 31, 2001, we have granted more than an aggregate of 1,665,989 options to purchase our common stock, then the conversion price of our Series D preferred stock shall be adjusted downward from its original conversion price of $21.25 per share. As of November 13, 2000, we had granted an excess of 295,015 options over the 1,665,989 allowed under the conversion price adjustment feature. As a result, the Series D preferred stock conversion price

was adjusted downward to $20.82. This adjustment causes the 4,767,191 issued and outstanding shares of Series D preferred stock to be converted into 4,863,827 shares of our common stock, an increase of 96,636 shares of common stock.

The following table summarizes the description in this section of the shares of common stock and preferred stock purchased by our executive officers, directors and 5% stockholders and persons associated with them, since April 1997. As of November 10, each share of preferred stock listed in the table below was convertible into one share of our common stock, except for shares of our Series D preferred stock, which were subject to the antidilution conversion price adjustment feature described above.

Executive Officers, Directors and 5% Stockholders	Common Stock	Preferred Stock				Total Shares on an as-Converted Basis	Aggregate Consideration
		Series A	Series B	Series C	Series D		
Entities affiliated with Kleiner Perkins Caufield and Byers VIII, L.P.	--	1,725,000	810,328	500,000	141,562	3,179,721	--
Entities affiliated with Domain Partners III, L.P.	30,000	--	993,212	187,500	94,401	1,307,001	--
Entities affiliated with QuestMark Partners, L.P.	--	--	--	1,000,000	188,699	1,192,473	--
Entities affiliated with Carlyle Partners III, L.P.	--	--	--	--	1,317,647	1,344,000	--
Entities affiliated with Oak Hill Capital Partners, L.P.	--	--	--	--	1,411,765	1,440,000	--
Kelsey Wirth	1,240,227	23,000	11,250	8,334	--	1,282,811	--
Zia Chishti	1,240,227	15,000	--	--	--	1,255,227	--
Mark Logan	32,000	--	--	--	--	32,000	--
Joe Breeland	50,000	--	--	2,000	1,750	53,785	--
Gordon Gund(1)	--	--	666,667	212,500	235,939	1,119,825	--
Leonard Hedge	137,836	--	--	625	--	138,461	--
James Heslin	117,214	--	3,333	1,875	--	122,422	--
Ross Miller	60,000	--	1,667	1,250	1,000	63,937	--
Ike Udechuku	--	--	20,000	7,500	4,705	32,299	--
Kenneth Vargha	61,979	--	--	625	--	62,604	--
Charlie Wen	45,000	--	--	--	600	45,612	--
Christian Skieller	100,000	--	--	--	--	100,000	--
Amir Abolfathi	81,866	--	--	--	--	81,866	--
Wren Wirth	--	25,000	11,250	25,000	--	61,250	--
Timothy Wirth	--	25,000	11,250	8,333	--	44,583	--
Timothy and Wren Wirth	--	--	--	--	25,411	25,919	--
Christopher Wirth	--	25,000	11,250	8,333	4,705	49,382	--
Saadia Chishti	--	--	--	--	2,352	2,399	--
George Andrew Lear III	--	--	--	--	555	566	--
Artel Services, N.V.	--	--	--	--	235,294	239,999	--

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(1) Includes 753,493 shares held in trust for immediate family members and shares held by immediate family members.

Holders of shares of our preferred stock are entitled to registration rights in respect of the common stock issued or issuable upon conversion thereof. See "Description of Securities--Registration Rights."

Joseph Lacob, one of our directors, is a principal of the general partner of one or more of the Kleiner Entities, shares voting and dispositive power with respect to the shares held by one or more of such entities, and disclaims beneficial ownership of such shares in which he has no pecuniary interest.

Brian Dovey, one of our directors, is a principal of the general partner of one or more of the Domain Entities, shares voting and dispositive power with respect to the shares held by

one or more of such entities, and disclaims beneficial ownership of such shares in which he has no pecuniary interest.

Agreements with Officers and Directors

As of November 10, 2000 each of Messrs. Hedge, Heslin and Abolfathi delivered a full-recourse promissory note to us in payment of the exercise price of outstanding stock options they held under our 1997 Plan. The principal amount secured under each note is as follows: Hedge--$211,539.97; Heslin--$249,665.82; and Abolfathi--$174,374.58. Each note has a term of two years and bears interest at a rate of 9.5% per annum, compounded annually. The notes are each secured by pledges of the purchased shares to us and pledges of collateral which, together with the shares, have a value of twice the principal amount of each note. The shares and collateral underlying the pledges will be released from the pledges only upon the entire payment or prepayment of the principal balance of each note, together with payment of all accrued interest on the principal amount so paid or prepaid. Accrued interest becomes due on each anniversary of the signing of each note and the principal balance will become due and payable in one lump sum on the second anniversary of the signing of each note. However, the entire unpaid balances of the notes will become due and payable upon termination of employment, failure to pay any installment of principal or interest when due, the insolvency of the maker of the notes, or in the event we are acquired and receive cash or freely tradable securities for our shares in the acquisition. None of the shares serving as security for the notes may be sold unless the principal portion of the note attributable to those shares, together with the accrued interest on that principal portion, is paid to us.

In November 2000, we entered into an agreement with Stephen Bonelli, who serves as our Chief Financial Officer and Vice President of Finance. The agreement provides that Mr. Bonelli's employment is at-will and sets his annual base salary. Mr. Bonelli's agreement also provides that he will be eligible for an annual bonus and stock options exercisable for shares of our common stock, plus certain other standard employee benefits. In addition, the agreement provides that if we terminate Mr. Bonelli without "cause" or if Mr. Bonelli resigns with "good reason," Mr. Bonelli will be credited with one year of vesting of his stock options in addition to any other vesting he had earned, provided he signs a full release of all claims against us at the time his employment terminates.

We have granted options and issued common stock to our executive officers and directors. See "Management--Executive Compensation" and "Principal Stockholders."

Indemnification Agreements

We have entered into indemnification agreements with our officers and directors containing provisions which may require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as officers or directors. See "Management--Limitations of Liability and Indemnification Matters" for more information regarding indemnification of our officers and directors.

PRINCIPAL STOCKHOLDERS

The table below sets forth information regarding the beneficial ownership of our common stock on an as-converted basis as of November 10, 2000, by the following individuals or groups:

- each person or entity who is known by us to own beneficially more than 5% of our outstanding stock;
- each of the named executive officers;
- each of our directors; and
- all directors and executive officers as a group.

Each stockholder's percentage ownership in the following table is based on shares of common stock outstanding as of November 10, 2000 which reflects the automatic conversion into common stock upon completion of this offering of all series of preferred stock outstanding as of November 10, 2000. For purposes of calculating each stockholder's percentage ownership, all options and warrants exercisable within 60 days of November 10, 2000 held by the particular stockholder and that are included in the first column are treated as outstanding shares. The numbers shown in the table below assume no exercise by the underwriters of their over-allotment option.

Unless otherwise indicated, the principal address of each of the stockholders below is c/o Align Technology, Inc., 851 Martin Ave., Santa Clara, California 95050. Except as otherwise indicated, and subject to applicable community property laws, except to the extent authority is shared by both spouses under applicable law, we believe the persons named in the table have sole voting and investment power with respect to all shares of common stock held by them.

	Shares Beneficially Owned		
Beneficial Owner	Number	Percent Before Offering	Percent After Offering
Entities affiliated with Kleiner Perkins Caufield & Byers(1)	3,179,721	16.8%	%
Kelsey Wirth(2)	1,463,945	7.7	
Entities affiliated with TC Group III, L.P., d/b/a The Carlyle Group(3)	1,344,000	7.1	
Entities affiliated with Oak Hill Capital(4)	1,440,000	7.6	
Entities affiliated with Domain Associates, L.L.C.(5)	1,307,001	6.9	
Zia Chishti(6)	1,258,192	6.7	
Entities affiliated with QuestMark Partners, L.P.(7)	1,432,472	7.6	
Gordon Gund(8)	1,119,825	5.9	
Kenneth Vargha(9)	137,375	*	
Ross Miller(10)	77,196	*	
Joe Breeland(11)	150,302	*	
Charlie Wen(12)	88,522	*	
Ike Udechuku(13)	159,513	*	
Leonard Hedge(14)	161,794	*	
Amir Abolfathi(15)	131,866	*	
James Heslin(16)	122,422	*	
Christian Skieller(17)	117,214	*	
Kent Bowen(18)	32,000	*	
Joseph Lacob(19)	3,206,890	17.0	
Mark Logan(20)	32,000	*	
Brian Dovey(21)	1,305,113	6.9	
Stephen Bonelli(22)	130,000	*	
Peter Riepenhausen(23)	210,000	*	
All directors, executive officers and key employees as a group (17 persons)	8,519,183	45.1	

* Represents beneficial ownership of less than one percent of our common stock.

(1) Principal address is 2750 Sand Hill Road, Menlo Park, CA 94025. Consists of 2,883,232 shares held by Kleiner Perkins Caufield & Byers VIII, L.P., 166,892 shares held by KPCB VIII Founders Fund, L.P. and 126,766 shares held by KPCB Life Sciences Zaibatsu Fund II, L.P. Joseph Lacob, one of our directors, is a principal of the general partner of one or more of the Kleiner Entities, shares voting and dispositive power with respect to the shares held by one or more of such entities and disclaims beneficial ownership of such shares in which he has no pecuniary interest.

(2) Includes 61,250 owned by Wren Wirth, 44,583 shares owned by Timothy Wirth, 49,288 shares owned by Christopher Wirth and 25,411 shares owned by Timothy and Wren Wirth, all of whom are immediate family members of Kelsey Wirth.

(3) Principal address is 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004. Consists of 1,284,540 shares held of record by Carlyle Partners III, L.P. and 33,107 shares held of record by CP III Coinvestment, L.P. Voting and dispositive power with respect to such shares may be deemed to be shared by (i) TC Group III, L.P., as the sole general partner of Carlyle Partners III, L.P. and CP III Co-investment, (ii) TC Group III, L.L.C., as the sole general partner of TC Group III, L.P., (iii) TC Group, L.L.C., as the managing member of TC Group II, L.L.C., (iv) TCG Holdings, L.L.C., as the managing member of TC Group, L.L.C. and (v) William E. Conway, Jr., David M. Rubenstein and Daniel A. D'Aniello, as managing member of TCG Holding, L.L.C. Messrs. Conway, Rubenstein and D'Aniello disclaim such beneficial ownership.

(4) Principal address is 201 Main Street, Suite 2300, Fort Worth, TX 76102. Consists of 1,284,706 shares held by Oak Hill Capital Partners, L.P. and 127,059 shares held by OHCMP Align, L.P.

(5) Principal address is 1 Palmer Square, Suite 515, Princeton, NJ 08542. Consists of 1,241,901 shares held by Domain Partners III, L.P., 33,212 shares held by DP III Associates, L.P. and 30,000 shares held by Domain Associates L.L.C., of which 13,125 shares are subject to repurchase by us. Brian Dovey, one of our directors, is a general partner of One Palmer Square Associates II, LLC, the general partner of Domain Partners II, L.P. and DP III Associates, L.P. and is a managing member of Domain Associates, L.L.C. Mr. Dovey shares voting and investment power with respect to these shares and disclaims beneficial ownership of such shares except to the extent of his proportionate interest therein.

(6) Includes 2,352 shares owned by Saadia Chishti and 555 shares owned by George Andrew Lear III, both of whom are immediate family members of Zia Chishti.

(7) Principal address is One South Street, Suite 800, Baltimore, MD 21202. Includes 1,038,213 shares held by QuestMark Partners, L.P., 150,486 shares held by QuestMark Partners Side Fund, L.P., and 235,294 shares held by Artal Services, N.V.

(8) Principal address is Post Office Box 449 Princeton, NJ 08542. Includes 175,833 shares owned by each of Grant Gund and Zachary Gund and 200,914 shares held in trust for each of Grant Gund and Zachary Gund, both of whom are immediate family members of Gordon Gund.

(9) Includes 15,625 shares held jointly with Shawna Vargha and 625 shares held by Pearl Vargha, both of whom are immediate family members of Kenneth Vargha. Includes 35,938 shares subject to repurchase by us at the original exercise price in the event of termination of Mr. Vargha's employment with us, which repurchase right lapses over time. Also includes 74,771 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, which shares are also subject to our right of repurchase.

(10) Includes 2,658 shares held individually by wife Cheryl A. Miller. Also includes 625 shares held by Rita and Troy Miller and 625 shares held by Janice and Jonathan Sykes, all of

whom are immediate family members of Ross Miller. Includes 47,188 shares subject to repurchase by us at the original exercise price in the event of termination of Mr. Miller's employment with us, which right lapses over time. Also includes 13,259 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, which shares are also subject to our right of repurchase.

(11) Includes 21,875 shares subject to repurchase by us at the original exercise price in the event of termination of Mr. Breeland's employment with us, which repurchase right lapses over time. Also includes 96,517 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, which shares are subject to our right of repurchase.

(12) Includes 20,209 shares subject to repurchase by us at the original exercise price in the event of termination of Mr. Wen's employment with us, which repurchase right lapses over time. Also includes 42,910 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, which shares are also subject to our right of repurchase.

(13) Includes 127,214 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, which shares, if and when exercised, are subject to repurchase by us upon termination of Mr. Udechuku's employment with us, which right lapses over time.

(14) Includes 121,169 shares subject to repurchase by us at the original exercise price in the event of termination of Mr. Hedge's employment with us, which right lapses over time. Also includes 23,333 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, some of which shares are also subject to our right of repurchase.

(15) Includes 81,866 shares subject to repurchase by us at the original exercise price in the event of termination of Mr. Abolfathi's employment with us, which right lapses over time. Also includes 50,000 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, some of which shares are also subject to our right of repurchase.

(16) Includes 117,214 shares subject to repurchase by us at the original exercise price in the event of termination of Mr. Heslin's employment with us, which repurchase right lapses over time.

(17) Includes 100,000 shares subject to repurchase by us at the original exercise price in the event of termination of Mr. Skieller's employment with us, which repurchase right lapses over time. Also includes 17,214 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, which shares are subject to our right of repurchase.

(18) Includes 32,000 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, which shares are subject to repurchase by us.

(19) Includes 3,176,890 shares held by entities affiliated with Kleiner Perkins Caufield & Byers. Mr. Lacob disclaims beneficial ownership of these shares except to the extent of his pecuniary interest in these shares. Also includes 30,000 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, of which 10,000 shares are subject to repurchase by us.

(20) Includes 32,000 shares subject to repurchase by us at the original exercise price, which repurchase right lapses over time.

(21) Consists of 1,241,901 shares held by Domain Partners III, L.P., 33,212 shares held by DP III Associates, L.P. and 30,000 shares held by Domain Associates L.L.C., of which

13,125 shares are subject to repurchase by us. Brian Dovey, one of our directors, is a general partner of One Palmer Square Associates II, LLC, the general partner of Domain Partners II, L.P. and DP III Associates, L.P. and is a managing member of Domain Associates, L.L.C. Mr. Dovey shares voting and investment power with respect to these shares and disclaims beneficial ownership of such shares except to the extent of his proportionate interest therein.

(22) Includes 130,000 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, which shares are also subject to our right of repurchase.

(23) Includes 210,000 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 10, 2000, which shares are also subject to our right of repurchase.

DESCRIPTION OF CAPITAL STOCK

General

At the closing of this offering, we will be authorized to issue 60,000,000 shares of common stock, $0.0001 par value, and 5,000,000 shares of undesignated preferred stock, $0.0001 par value, after giving effect to the amendment of our certificate of incorporation to delete references to the existing preferred stock following conversion of that stock. Immediately following the completion of this offering, and assuming no exercise of the underwriters' over-allotment option, based on the number of shares outstanding as of September 30, 2000, and 718,355 shares of Series D preferred stock issued in October 2000, a total of shares of common stock will be issued and outstanding, and no shares of preferred stock will be issued and outstanding.

The following description of our capital stock and certain provisions of our certificate of incorporation is a summary and is qualified in its entirety by the provisions of our certificate of incorporation, where such rights are set forth in full, and the provisions of applicable laws.

Common Stock

At September 30, 2000, 3,594,196 shares of common stock were outstanding, options to purchase 2,155,998 shares of common stock were outstanding and options to purchase an aggregate of 1,177,621 shares of common stock were available for future grant pursuant to our 1997 Plan. The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders.

Subject to preferences that may be applicable to any then outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefore. In the event of our liquidation, dissolution or winding up, holders of the common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding shares of preferred stock. Holders of common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and nonassessable.

Preferred Stock

Our board of directors is authorized to issue from time to time, without stockholder authorization, in one or more designated series, authorized but unissued shares of preferred stock, with any dividend, redemption, conversion and exchange provisions as may be provided in the particular series. Any series of preferred stock may possess voting, dividend, liquidation and redemption rights superior to those of the common stock.

The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. Issuance of a new series of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of entrenching our board of directors and making it more difficult for a third party to acquire, or discourage a third-party from acquiring, a majority of our outstanding voting stock. We have no present plans to issue any shares of or designate any series of preferred stock.

Warrants

At September 30, 2000, there were warrants outstanding to purchase a total of 322,917 shares of our preferred stock. Following the closing of the offering, the warrants automatically will become exercisable for the same number of shares of common stock and will expire five years thereafter if not exercised. Some of these warrants have net exercise provisions under which the holder may, in lieu of payment of the exercise price in cash, surrender the warrants and receive a net amount of shares based on the fair market value of our common stock at the time of exercise of the warrants after deduction of the total exercise price.

Registration Rights

Upon completion of the offering, the holders of an aggregate of approximately shares of common stock as well as warrants to purchase up to approximately 322,917 shares of our common stock will be entitled to certain rights with respect to the registration of the shares under the Securities Act. These rights are provided under the terms of agreements between us and the holders of these securities. If we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders exercising registration rights, these holders are entitled to notice of the registration and are entitled to include shares of common stock in the registration. The rights are subject to conditions and limitations, among them the right of the underwriters of an offering subject to the registration to limit the number of shares included in the registration. At any time following 180 days after this offering, holders of these rights may also require us to file up to two registration statements under the Securities Act at our expense with respect to their shares of common stock, and we are required to use our best efforts to effect the registration, subject to conditions and limitations. Furthermore, stockholders with registration rights may require us to file additional registration statements on Form S-3, subject to conditions and limitations. Upon registration, these shares will be freely tradable in the public market without restriction.

Antitakeover Effects of Provisions of the Certificate of Incorporation, Bylaws and Delaware Law

We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- prior to that date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by:

  (i) persons who are directors and also officers; and

  (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to that date, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any of these entities or persons.

Our certificate of incorporation:

- provides that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not by written consent;
- provides that the authorized number of directors may be changed only by our board of directors; and
- authorizes our board of directors to issue blank check preferred stock to increase the amount of outstanding shares.

Our bylaws provide that candidates for director may be nominated, and proposals for business to be considered by the stockholders at an annual meeting may be made, only by our board of directors or by a stockholder who gives us written notice no later than 90 days or no earlier than 120 days prior to the first anniversary of the date of the preceding year's annual meeting, subject to certain adjustments.

Delaware law and the foregoing provisions of our certificate of incorporation and bylaws and the issuance of preferred stock in certain circumstances may have the effect of deterring hostile takeovers or delaying changes in control of our management, which could depress the market price of our common stock.

Transfer Agent and Registrar

Our transfer agent and registrar for our common stock is Equiserve L.P.

Listing

We have applied to list our common stock on the Nasdaq National Market under the trading symbol ALGN.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have shares of common stock outstanding. Of these shares, the shares sold in this offering will be freely tradable without restriction under the Securities Act, unless purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. A significant number of shares of our stock outstanding prior to this offering is subject to 180-day lock-up agreements, and may not be sold in the public market prior to the expiration of the lock-up agreements. Deutsche Bank Securities Inc. may release the shares subject to the lock-up agreements in whole or in part at any time without prior public notice. However, Deutsche Bank Securities Inc. has no current plans to effect such a release. Upon the expiration of the lock-up agreements, approximately additional shares will be available for sale in the public market, subject in some cases to compliance with the volume and other limitations of Rule 144.

Days after Date of this Prospectus	Shares Eligible for Sale	Comment
Upon effectiveness.....		Freely tradable shares eligible for sale under Rule 144(k) and not locked-up
90 days.....		Shares not locked-up and saleable under Rules 144 and 701
180 days.....		Lock-up released, shares saleable under Rules 144 and 701
Various dates thereafter..		Restricted securities held for one year or less as of 180 days following effectiveness

Rule 144

In general, under Rule 144 a person (or persons whose shares are aggregated) who has beneficially owned shares for at least one year is entitled to sell within any three-month period commencing 90 days after the date of this prospectus a number of shares that does not exceed the greater of

- 1% of the then outstanding shares of our common stock (approximately shares immediately after this offering) or
- the average weekly trading volume during the four calendar weeks preceding such sale, subject to the filing of a Form 144 with respect to the sale.

A person (or persons whose shares are aggregated) who is not deemed to have been our affiliate at any time during the 90 days immediately preceding the sale who has beneficially owned his or her shares for at least two years is entitled to sell these shares pursuant to Rule 144(k) without regard to the limitations described above. Affiliates must always sell pursuant to Rule 144, even after the applicable holding periods have been satisfied.

We cannot estimate the number of shares that will be sold under Rule 144, as this will depend on the market price for our common stock, the personal circumstances of the sellers and other factors. Prior to this offering, there has been no public market for our common stock, and there can be no assurance that a significant public market for our common stock will develop or be sustained after this offering. Any future sale of substantial amounts of our common stock in the open market may adversely affect the market price of our common stock.

Lock-Up Agreements

We and our directors, executive officers and certain of our stockholders have agreed, pursuant to the underwriting agreement and other agreements, not to sell any of our common stock without the prior consent of Deutsche Bank Securities Inc. until 180 days from the date of this prospectus. Transfers or dispositions can be made sooner only with the prior written consent of Deutsche Bank Securities Inc.

Stock Options

We intend to file a registration statement on Form S-8 under the Securities Act to register shares of our common stock that are subject to outstanding options or reserved for issuance under our 1997 Plan, our 2001 Plan and our Purchase Plan 90 days following the effectiveness of this registration statement, which permits the resale of these shares by nonaffiliates in the public market without restriction under the Securities Act.

Rule 701

Any of our employees or consultants who purchased his or her shares pursuant to a written compensatory plan or contract is entitled to rely on the resale provisions of Rule 701, which permits nonaffiliates to sell their Rule 701 shares without having to comply with the public information, holding period, volume limitations or notice provisions of Rule 144 and permits affiliates to sell their Rule 701 shares without having to comply with the Rule 144 holding period restrictions, in each case commencing 90 days after the date of this prospectus.

Registration Rights

After this offering the holders of warrants to purchase 322,917 shares of our common stock will be entitled to certain rights with respect to registration of such shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act except for shares purchased by affiliates. See "Description of Capital Stock--Registration Rights."

UNDERWRITING

Subject to the terms and conditions of the underwriting agreement, the underwriters named below, through their representatives Deutsche Bank Securities Inc., Bear, Stearns & Co. Inc., J.P. Morgan Securities Inc. and Robertson Stephens Inc., have severally agreed to purchase from Align the following respective number of shares of common stock at a public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus:

Underwriter	Number of Shares
Deutsche Bank Securities Inc.	
Bear, Stearns & Co. Inc.	
J.P. Morgan Securities Inc.	
Robertson Stephens Inc.	
Total	

The underwriting agreement provides that the obligations of the several underwriters to purchase the shares of common stock offered hereby are subject to certain conditions precedent and that the underwriters will purchase all shares of the common stock offered hereby, other than those covered by the over-allotment option described below, if any of these shares are purchased.

The underwriters propose to offer the shares of common stock to the public at the public offering price set forth on the cover of this prospectus and to dealers at a price that represents a concession not in excess of $ per share under the public offering price. The underwriters may allow, and these dealers may re-allow, a concession of not more than $ per share to other dealers. After the initial public offering, representatives of the underwriters may change the offering price and other selling terms.

We have granted to the underwriters an option, exercisable not later than 30 days after the date of this prospectus, to purchase up to additional shares of common stock at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus. The underwriters may exercise this option only to cover over-allotments made in connection with the sale of the common stock offered hereby. To the extent that the underwriters exercise this option, each of the underwriters will become obligated, subject to conditions, to purchase approximately the same percentage of additional shares of common stock as the number of shares of common stock to be purchased by it in the above tables bears to the total number of shares of common stock offered hereby. We will be obligated, pursuant to the option, to sell these additional shares of common stock to the underwriters to the extent the option is exercised. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is currently expected to be approximately 7% of the initial public offering price. We have agreed to pay the underwriters the following fees, assuming either no exercise or full exercise by the underwriters' over-allotment option:

		Total Fees	
	Fee Per Share	Without Exercise of Over-Allotment Option	With Full Exercise of Over-Allotment Option
Fees paid by Align Technology, Inc.	$	$	$

In addition, we estimate that our share of the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately $.

We have agreed to indemnify the underwriters against some specified types of liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

Each of our officers and directors, and certain holders of our stock, have agreed not to offer, sell, contract to sell or otherwise dispose of, or enter into any transaction that is designed to, or could be expected to, result in the disposition of any shares of our common stock or other securities convertible into or exchangeable or exercisable for shares of our common stock or derivatives of our common stock owned by these persons prior to this offering or common stock issuable upon exercise of options or warrants held by these persons for a period of 180 days after the effective date of the registration statement of which this prospectus is a part without the prior written consent of Deutsche Bank Securities Inc. This consent may be given at any time without public notice. We have entered into a similar agreement with the representatives of the underwriters, except that we may grant options and issue shares under our 1997 Plan and 2001 Plan and sell shares under our Purchase Plan. In addition, we can sell up to an aggregate of 1,000,000 shares to strategic and corporate partners and equipment lessors without such consent. There are no agreements between the representatives and any of our stockholders or affiliates releasing them from these lock-up agreements prior to the expiration of the 180-day period.

The representatives of the underwriters have advised us that the underwriters do not intend to confirm sales to any account over which they exercise discretionary authority.

In order to facilitate the offering of our common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the market price of our common stock. Specifically, the underwriters may over-allot shares of our common stock in connection with this offering, thus creating a short position in our common stock for their own account. A short position results when an underwriter sells more shares of common stock than that underwriter is committed to purchase. Additionally, to cover these over-allotments or to stabilize the market price of our common stock, the underwriters may bid for and purchase shares of our common stock in the open market. Finally, the representatives, on behalf of the underwriters, may also reclaim selling concessions allowed to an underwriter or dealer if the underwriting syndicate repurchases shares distributed by that underwriter or dealer. Any of these activities may maintain the market price of our common stock at a level above that which might otherwise prevail in the open market. These transactions may be effected on the Nasdaq National Market or otherwise. The underwriters are not required to engage in these activities and, if commenced, may end any of these activities at any time.

At our request, the underwriters have reserved for sale up to shares, at the initial public offering price, for our vendors, employees, family members of employees, customers and other third parties. The number of shares of our common stock available for sale to the general public will be reduced to the extent these reserved shares are purchased. Any reserved shares that are not purchased by these persons will be offered by the underwriters to the general public on the same basis as the other shares in this offering.

Pricing of This Offering

Prior to this offering, there has been no public market for our common stock. Consequently, the initial public offering price for our common stock has been determined by negotiation among us and the representatives of the underwriters. Among the primary factors considered in determining the public offering price were:

- prevailing market conditions;
- our results of operations in recent periods;
- the present stage of our development;
- the market capitalization and stage of development of other companies that we and the representatives of the underwriters believe to be comparable to our business; and
- estimates of our business potential.

The estimated initial public offering price range set forth on the cover of this preliminary prospectus is subject to change as a result of market conditions and other factors.

LEGAL MATTERS

The validity of the common stock offered will be passed upon for us by Brobeck, Phleger & Harrison LLP, San Francisco, California. Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California, is acting as counsel for the underwriters in connection with selected legal matters relating to the shares of common stock offered by this prospectus.

EXPERTS

The consolidated financial statements as of December 31, 1998 and 1999 and for the period from April 3, 1997 (Date of inception) to December 31, 1997 and for each of the two years in the period ended December 31, 1999, included in this prospectus, have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission, Washington, D.C. 20549, under the Securities Act a registration statement on Form S-1 relating to the common stock offered. This prospectus does not contain all of the information set forth in the registration statement and its exhibits and schedules. For further information with respect to us and the shares we are offering pursuant to this prospectus, you should refer to the registration statement and its exhibits and schedules. Statements contained in this prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete, and you should refer to the copy of that contract or other document filed as an exhibit to the registration statement. You may read or obtain a copy of the registration statement, including exhibits, at the commission's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. You may obtain information on the operation of the public reference room by calling the commission at 1-800-SEC-0330. The commission maintains a website that contains reports, proxy information statements and other information regarding registrants that file electronically with the commission. The address of this website is http://www.sec.gov.

As a result of the offering, the information and reporting requirements of the Securities Exchange Act of 1934 will apply to us. We intend to furnish holders of our common stock with annual reports containing, among other information, audited financial statements certified by an independent public accounting firm and quarterly reports containing unaudited condensed financial information for the first three quarters of each fiscal year. We intend to furnish other reports as we may determine or as may be required by law.

ALIGN TECHNOLOGY, INC.

Index to Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders
of Align Technology, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' deficit and of cash flows present fairly, in all material respects, the financial position of Align Technology, Inc. at December 31, 1998 and 1999, and the results of their operations and their cash flows for the period from April 3, 1997 (date of inception) to December 31, 1997 and for the years ended December 31, 1998 and 1999, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

San Jose, California
August 18, 2000, except for Note 11 for
which the date is November 13, 2000

ALIGN TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31,		September 30,	Pro Forma Stockholders' Equity at September 30,
	1998	1999	2000	2000 (Note 2)
			(unaudited)	
ASSETS				
Current assets:				
Cash and cash equivalents	$ 2,471	$ 6,832	$ 33,940	
Restricted cash	--	340	18,127	
Marketable securities	4,452	5,253	3,927	
Accounts receivable, net of allowance for doubtful accounts of none, $33 and $300 at December 31, 1998 and 1999 and September 30, 2000, respectively	--	314	2,179	
Inventories	--	366	667	
Deferred costs	--	--	1,380	
Other current assets	285	669	1,914	
Total current assets	7,208	13,774	62,134	
Property and equipment, net	770	3,317	11,938	
Other assets	139	--	1,495	
Total assets	$ 8,117	$ 17,091	$ 75,567	
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable	$ 257	$ 1,572	$ 10,762	
Accrued liabilities	129	2,050	2,033	
Deferred revenue	--	119	1,145	
Current portion of capital lease obligations	7	6	436	
Total current liabilities	393	3,747	14,376	
Capital lease obligations, net of current portion	10	3	1,569	
Total liabilities	403	3,750	15,945	
Commitments and contingencies (Note 4)				
Convertible preferred stock: $0.0001 par value; Authorized: 13,605 shares; Issued and outstanding: 5,534, 8,127 and 12,176 shares at December 31, 1998, 1999 and September 30, 2000 (unaudited), respectively, and none pro forma (aggregate liquidation preference: $32,996 at December 31, 1999 and $119,034 at September 30, 2000 (unaudited))	12,223	31,713	113,890	$ --
Notes receivable from stockholders	(76)	--	--	--
Preferred stock warrants (Note 6)	--	1,042	1,818	--
	12,147	32,755	115,708	--
Stockholders' equity (deficit):				
Common stock: $0.0001 par value Authorized: 60,000 shares; Issued and outstanding: 2,678, 2,821 and 3,594 shares at December 31, 1998, 1999 and September 30, 2000 (unaudited), respectively, and 15,807 shares pro forma (unaudited)	--	--	--	2
Additional paid-in capital	6	2,220	91,926	207,632
Deferred stock-based compensation	--	(1,780)	(74,847)	(74,847)
Accumulated deficit	(4,439)	(19,854)	(73,165)	(73,165)
Total stockholders' equity (deficit)	(4,433)	(19,414)	(56,086)	$ 59,622
Total liabilities, convertible preferred stock				

and warrants, and stockholders' equity (deficit).....	$ 8,117	$ 17,091	$ 75,567

The accompanying notes are an integral part of these consolidated financial statements.

ALIGN TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Period from April 3, 1997 (date of inception) to Dec. 31, 1997	Year Ended Dec. 31, 1998	Year Ended Dec. 31, 1999	Nine Months Ended Sept. 30, 1999 (unaudited)	Nine Months Ended Sept. 30, 2000 (unaudited)
Revenue--Ancillary products	$ --	$ --	$ 313	$ 70	$ 950
Revenue--Invisalign	--	--	98	7	2,286
Total revenue	--	--	411	77	3,236
Cost of revenue--Ancillary products	--	--	246	62	912
Cost of revenue and manufacturing start-up costs--Invisalign	--	--	1,508	295	10,401
Total cost of revenue	--	--	1,754	357	11,313
Gross loss	--	--	(1,343)	(280)	(8,077)
Operating expenses:					
Sales and marketing	283	133	5,688	2,726	19,664
General and administrative	--	2,344	3,474	2,000	12,349
Research and development	405	1,474	4,200	3,068	5,904
Total operating expenses	688	3,951	13,362	7,794	37,917
Loss from operations	(688)	(3,951)	(14,705)	(8,074)	(45,994)
Interest income	25	185	362	148	1,514
Interest expense	--	--	(986)	(639)	(8,807)
Other expense	(1)	(9)	(86)	(8)	(24)
Net loss	(664)	(3,775)	(15,415)	(8,573)	(53,311)
Dividend related to beneficial conversion feature of preferred stock	--	--	--	--	(44,150)
Net loss available to common stockholders	$ (664)	$(3,775)	$(15,415)	$(8,573)	$(97,461)
Net loss per share available to common stockholders, basic and diluted	$(0.86)	$ (2.66)	$ (7.31)	$ (4.22)	$ (35.87)
Shares used in computing net loss per share available to common stockholders, basic and diluted	771	1,421	2,109	2,030	2,717
Pro forma net loss per share available to common stockholders, basic and diluted (unaudited) (Note 2)			$ (1.85)		$ (4.22)
Shares used in computing pro forma net loss per share available to common stockholders, basic and diluted (unaudited) (Note 2)			8,339		12,635

The accompanying notes are an integral part of these consolidated financial statements.

ALIGN TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

For the period from April 3, 1997 (date of inception) to December 31, 1997 and for the years ended December 31, 1998 and 1999 and for the nine months ended September 30, 2000 (unaudited)
(in thousands)

	Common Stock		Additional Paid-In	Deferred Stock	Accumulated	
	Shares	Amount	Capital	Compensation	Deficit	Total
Issuance of common stock for services rendered..	2,430	$ --	$ 1	$ --	$ --	$ 1
Stock options exercised.....	490	--	2	--	--	2
Issuance of common stock.....	80	--	--	--	--	--
Net loss.....	--	--	--	--	(664)	(664)
Balance at December 31, 1997.....	3,000	--	3	--	(664)	(661)
Repurchase of common stock.....	(370)	--	(2)	--	--	(2)
Stock options exercised.....	46	--	5	--	--	5
Issuance of common stock.....	2	--	--	--	--	--
Net loss.....	--	--	--	--	(3,775)	(3,775)
Balance at December 31, 1998.....	2,678	--	6	--	(4,439)	(4,433)
Repurchase of common stock	(21)	--	(2)	--	--	(2)
Stock options exercised.....	164	--	42	--	--	42
Deferred stock compensation, net of cancellations.....	--	--	2,174	(2,174)	--	--
Amortization of deferred stock compensation.....	--	--	--	394	--	394
Net loss.....	--	--	--	--	(15,415)	(15,415)
Balance at December 31, 1999.....	2,821	--	2,220	(1,780)	(19,854)	(19,414)
Stock options exercised.....	821	--	680	--	--	680
Repurchase of common stock	(48)	--	(38)	--	--	(38)
Deferred stock compensation, net of cancellations.....	--	--	80,970	(80,970)	--	--
Amortization of deferred stock compensation.....	--	--	--	7,903	--	7,903
Charge for accelerated vesting of employee stock options.....	--	--	405	--	--	405
Issuance of bridge loan with beneficial conversion feature.....	--	--	7,689	--	--	7,689
Issuance of preferred stock with beneficial conversion feature.....	--	--	44,150	--	--	44,150
Deemed dividend on preferred stock.....	--	--	(44,150)	--	--	(44,150)
Net loss.....	--	--	--	--	(53,311)	(53,311)
Balance at September 30, 2000 (unaudited).....	3,594	$ --	$ 91,926	$(74,847)	$(73,165)	$(56,086)

The accompanying notes are an integral part of these consolidated financial statements.

ALIGN TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Period from April 3, 1997 (date of inception) to Dec. 31, 1997	Year Ended Dec. 31, 1998	Year Ended Dec. 31, 1999	Nine Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
				(unaudited)	
Cash flows from operating activities:					
Net loss	$ (664)	$(3,775)	$(15,415)	$(8,573)	$(53,311)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization	16	115	559	331	1,465
Amortization of deferred compensation	--	--	394	184	7,903
Amortization of accelerated vesting of stock options	--	--	--	--	405
Gain on sale of property	--	32	--	--	--
Allowance for doubtful accounts	--	--	33	--	267
Amortization of capitalized financing costs and debt discount	--	--	984	637	776
Non-cash interest expense on bridge loans	--	--	--	--	7,689
Changes in operating assets and liabilities:					
Accounts receivable	--	--	(347)	(94)	(2,132)
Deferred costs	--	--	--	--	(1,380)
Inventories	--	--	(366)	(144)	(301)
Other assets	(9)	(415)	(187)	(90)	(2,740)
Accounts payable	90	167	672	134	9,190
Deferred revenue	--	--	119	14	1,026
Accrued liabilities	45	84	1,921	826	(17)
Net cash used in operating activities	(522)	(3,792)	(11,633)	(6,775)	(31,160)
Cash flows from investing activities:					
Purchase of property and equipment	(136)	(973)	(2,463)	(1,652)	(7,877)
Increase in restricted cash	--	--	(340)	(6)	(17,787)
Purchase of marketable securities	(1,470)	(6,451)	(5,906)	(1,582)	(4,013)
Maturities of marketable securities	--	2,665	3,365	3,389	1,250
Proceeds from sale of marketable securities	--	804	1,740	1,625	4,089
Proceeds from sale of property	--	198	--	--	--
Net cash provided by (used in) investing activities	(1,606)	(3,757)	(3,604)	1,774	(24,338)
Cash flows from financing activities:					
Proceeds from issuance of common stock	3	5	42	--	680
Proceeds from issuance of convertible preferred stock, net of issuance costs	2,164	9,983	18,740	17,851	68,177
Proceeds from note receivable for preferred stock	--	--	76	76	--
Repurchase common stock	--	(2)	(2)	(2)	(38)
Proceeds from convertible subordinated notes	--	--	750	--	14,000
Proceeds from draw down of line of credit	--	--	--	--	5,000
Repayment of line of credit	--	--	--	--	(5,000)
Payments on capital lease obligations	(2)	(3)	(8)	(5)	(213)
Net cash provided by financing activities	2,165	9,983	19,598	17,920	82,606
Net increase in cash and cash equivalents	37	2,434	4,361	12,919	27,108
Cash and cash equivalents,					

beginning of period.....	--	37	2,471	2,471	6,832
Cash and cash equivalents, end of period.....	$ 37	$ 2,471	$ 6,832	$15,390	$ 33,940
Supplemental cash flow information:					
Taxes paid.....	$ 1	$ 4	$ 1	$ --	$ 1
Interest paid.....	$ --	$ --	$ 614	$ --	$ 342
Noncash investing and financing activities:					
Note receivable for preferred stock.....	$ --	$ 76	$ --	$ --	$ --
Fixed assets acquired under capital lease.....	$ 8	$ 14	$ --	$ --	$ 2,209
Fixed assets acquired with accounts payable.....	$ --	$ --	$ 643	$ --	$ --
Transfer of accounts payable to capital lease obligation.....	$ --	$ --	$ --	$ --	$ 643
Issuance of warrants in conjunction with line of credit financing.....	$ --	$ --	$ 1,042	$ 1,042	$ 776
Deferred stock based compensation.....	$ --	$ --	$ 2,174	$ 674	$ 80,970
Conversion of convertible subordinated notes into convertible preferred stock.....	$ --	$ --	$ 750	$ --	$ 14,000

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 Organization:

Formation and business of the Company

Align Technology, Inc., (the "Company") was incorporated in April 1997 and is engaged in the development, manufacturing and marketing of the Invisalign System (the "System"), used for treating malocclusion, or the misalignment of teeth. The System uses a series of clear plastic "Aligners" to move the patients' teeth in small increments from their original state to a final treated state. The Company has exited the development stage as of July 2000.

Note 2 Summary of Significant Accounting Policies:

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany transactions have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unaudited interim results

The accompanying interim consolidated financial statements for the nine months ended September 30, 1999 and 2000, together with the related notes, are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's results of their operations and their cash flows for the nine months ended September 30, 1999 and 2000. The results of operations for any interim period are not necessarily indicative of the results of operations for the full year.

Unaudited pro forma stockholders' equity

If the offering contemplated by this prospectus is consummated, all of the convertible preferred stock outstanding at September 30, 2000 will automatically convert into 12,212,175 shares of common stock. Unaudited pro forma stockholders' equity, as adjusted for the assumed conversion of the preferred stock, is set forth on the balance sheet.

Fair value of financial instruments

The carrying amounts of certain of the Company's financial instruments including cash and cash equivalents, short-term investments and accounts payable approximate fair value due to their short maturities. Based on borrowing rates currently available to the Company for leases with similar terms, the carrying value of its lease obligations approximates fair value.

Cash and cash equivalents and restricted cash

Cash equivalents are stated at cost, which approximates market value. The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Company invests primarily in money market funds and commercial paper, accordingly, these investments are subject to minimal credit and market risks.

Restricted cash

Restricted cash as of December 31, 1999 primarily comprises amounts held on deposit which is required as a collateral for an outstanding Line of Credit (see Note 5) and for security on customer credit card transactions.

Restricted cash as of September 30, 2000 is primarily comprised of $17.6 million held in escrow for deposits on future advertising (Note 4).

Marketable securities

Marketable securities are classified as available-for-sale in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Securities" and are carried at fair value. Marketable securities classified as current assets have scheduled maturities of less than one year. Unrealized holding gains or losses on such securities are included in accumulated comprehensive income/(loss) in stockholders' deficit. Realized gains and losses on sales of all such securities are reported in earnings and computed using the specific identification cost method. There were no unrealized gains or losses as of December 31, 1998 and 1999.

The cost and fair value of available-for-sale securities at December 31, 1998 are as follows (in thousands):

	Cost	Fair Value
Commercial paper	$ 4,452	$4,452
	$ 4,452	$4,452

The cost and fair value of available-for-sale securities at December 31, 1999 are as follows (in thousands):

	Cost	Fair Value
Commercial paper	$ 1,239	$1,239
Corporate notes	997	997
Medium term notes	3,017	3,017
	$ 5,253	$5,253

Certain risks and uncertainties

The Company's operating results depend to a significant extent on the Company's ability to market and develop its products. The life cycles of the Company's products are difficult to estimate due in part to the effect of future product enhancements and competition. The inability of the Company to successfully develop and market its products as a result of

competition or other factors would have a material adverse effect on the Company's business, financial condition and results of operations.

Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash equivalents and accounts receivable. The Company invests excess cash primarily in money market funds of major financial institutions, commercial paper and notes. The Company provides credit to customers in the normal course of business. Collateral is not required for accounts receivable, but ongoing credit evaluations of customers' financial condition are performed. The Company maintains reserves for potential credit losses and such losses have been within management's expectations.

In the U.S., the FDA regulates the design, manufacture, distribution, preclinical and clinical study, clearance and approval of medical devices. Products developed by the Company may require approvals or clearances from the Food and Drug Administration ("FDA") or other international regulatory agencies prior to commercialized sales. There can be no assurance that the Company's products will receive any of the required approvals or clearances. If the Company was denied approval or clearance or such approval was delayed, it may have a material adverse impact on the Company.

The Company has manufacturing operations located outside the United States. The Company currently relies on its manufacturing facilities in Pakistan to create virtual treatment plans with the assistance of sophisticated software. In addition, the Company relies on third party manufacturers in Mexico to fabricate Aligners and to ship the completed product to the Company's customers. The Company's reliance on international operations exposes it to related risks and uncertainties, including; difficulties in staffing and managing international operations; controlling quality of manufacture; political, social and economic instability; interruptions and limitations in telecommunication services; product and/or material transportation delays or disruption; trade restrictions and changes in tariffs; import and export license requirements and restrictions; fluctuations in currency exchange rates; and potential adverse tax consequences. If any of these risks materialize, the Company's international manufacturing operations, as well as its operating results, may be harmed.

Inventories

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) or market.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Amortization of leasehold improvements is computed using the straight-line method over the estimated useful lives of the assets, or the remaining lease term, whichever is shorter. Upon sale or retirement, the asset's cost and related accumulated depreciation are removed from the accounts and any related gain or loss is reflected in operations.

Website development costs

The Company accounts for website development and related costs in accordance with the AICPA Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed

or Obtained for Internal Use." Website development and related costs consist of external and internal costs incurred to purchase and implement the website software and significant enhancements used in the Company's business. Website development costs of $35,000 had been capitalized as of December 31, 1999 and are being amortized using the straight-line method over the estimated useful life of the asset of two years. Amortization of website development costs commenced in April 2000 upon launch of the website.

Internal and external costs of developing website content are expensed as incurred and included in the accompanying Statement of Operations.

There was no other software developed or obtained for internal use or capitalized in the period. No amortization of other software developed or obtained was made in the period ended December 31, 1999.

Impairment of long-lived assets

The Company identifies and records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets are less than the carrying amounts of those assets. Recoverability is measured by comparison of the assets carrying amount to future net undiscounted cash flows the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the projected discounted future net cash flows arising from the asset. None of these events have occurred with respect to the Company's long-lived assets, which consist primarily of computers and equipment, furniture and fixtures and leasehold improvements.

Revenue recognition

Revenue from the Invisalign product and Ancillary product sales are recognized upon receipt of a purchase order and product shipment provided no significant obligations remain and collection of the receivables is deemed probable. Up-front fees received in connection with the Invisalign product are deferred and recognized over the associated product shipments. The costs of producing the ClinCheck treatment plan, which are incurred prior to the production of Aligners, are capitalized and recognized as related revenues are earned.

The sales recorded by the Company through September 30, 2000 have had significant losses. The Company estimates its loss on the sale, and records a provision for the entire amount of estimated loss in the period such losses are determined.

Research and development

Research and development costs are expensed as incurred.

Advertising costs

The cost of advertising is expensed as incurred. For the period from April 3, 1997 (date of inception) to December 31, 1997 and the years ended December 31, 1998 and December 31, 1999, advertising costs totaled none, $31,000 and $1,722,000, respectively.

Income taxes

Income taxes are recorded under the liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Accounting for stock-based compensation

The Company accounts for stock-based employee compensation arrangements in accordance with provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and complies with the disclosure provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123").

Under APB 25, compensation expense for grants to employees is based on the difference, if any, on the date of the grant, between the fair value of the Company's stock and the option's exercise price. SFAS 123 defines a "fair value" based method of accounting for an employee stock option or similar equity investment. The pro forma disclosure of the difference between compensation expense included in net loss and the related cost measured by the fair value method is presented in Note 8.

The Company accounts for equity instruments issued to non-employees in accordance with the provisions of SFAS 123 and Emerging Issues Task Force Issue No. 96-18, "Accounting for Equity Instruments that are Issued to Other Than Employees, or in Conjunction with Selling Goods and Services," and Financial Accounting Standards Board Interpretation No. 28, "Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plan" ("FIN 28").

Segments

The Company operates in one segment, using one measurement of profitability to manage its business. There were no export sales.

The Company maintains two facilities in Pakistan which generate no revenue and are comprised of none and $256,000 of identifiable assets as of December 31, 1998 and 1999, respectively.

Pro forma net loss per share (unaudited)

Pro forma net loss per share for the year ended December 31, 1999 and the nine month period ended September 30, 2000 was computed using the weighted average number of shares of common stock outstanding, including the pro forma effect of the automatic conversion of all of the Company's preferred stock into shares of the Company's common stock effective upon the closing of the Company's initial public offering as if such conversion occurred on January 1, 1999 or at the date of original issuance, if later. The resulting pro forma adjustment includes an increase in the weighted average shares used to compute pro forma basic net loss per share of 6,230,000 shares and 9,918,000 shares for the year ended December 31, 1999 and the nine month period ended September 30, 2000, respectively. The calculation of pro forma

diluted net loss per share excludes warrants and stock options as their effect would be anti-dilutive.

Net loss per share

Basic and diluted net loss per share are computed by dividing the net loss for the period by the weighted average number of shares of common stock outstanding during the period. The calculation of diluted net loss per share excludes potential common stock if their effect is anti-dilutive. Potential common stock consists of common stock subject to repurchase, incremental common shares issuable upon the exercise of stock options and warrants and shares issuable upon conversion of the preferred stock.

The following is a reconciliation of the numerator (net loss) and the denominator (number of shares) used in the basic and diluted EPS calculations (in thousands, except per share data):

	Period from April 3, 1997 (date of inception) to December 31, 1997	Year Ended December 31, 1998	Year Ended December 31, 1999	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 2000
				(unaudited)	
Basic and diluted:					
Net loss available to common stockholders...	$ (664)	$(3,775)	$(15,415)	$(8,573)	$(97,461)
Weighted-average common shares outstanding....	2,779	2,810	2,667	2,659	3,127
Less: Weighted average shares subject to repurchase.....	2,008	1,389	558	629	410
Weighted-average shares used in basic and diluted net loss per share.....	771	1,421	2,109	2,030	2,717
Net loss per share available to common stockholders.....	$(0.86)	$ (2.66)	$ (7.31)	$ (4.22)	$ (35.87)
Proforma basic and diluted:					
Net loss.....			$(15,415)		$(53,311)
Adjustments to reflect weighted-average effect of assumed conversion of preferred stock (unaudited).....			6,230		9,918
Weighted-average shares used in pro forma basic and diluted net loss per share (unaudited).....			8,339		12,635
Pro forma basic and diluted net loss per share (unaudited).....			$ (1.85)		$ (4.22)

The following table sets forth potential shares of common stock that are not included in the diluted net loss per share because to do so would be anti-dilutive for the periods indicated (in thousands):

	Period from April 3, 1997 (date of inception) to December 31, 1997	Year Ended December 31, 1998	Year Ended December 31, 1999	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 2000
				(unaudited)	
Preferred stock	2,175	5,534	8,127	8,127	12,176
Options to purchase common stock	97	476	643	770	2,156
Common stock subject to repurchase	1,930	889	327	392	697
Warrants	--	--	267	267	323
	4,202	6,899	9,364	9,556	15,352

Recent accounting pronouncements

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative investments, including certain derivative instruments embedded in other contracts, and for hedging activities. In July 1999, the FASB issued SFAS No. 137, "Accounting for Derivative and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 137 deferred the effective date of SFAS No. 133 until fiscal years beginning after June 15, 2000. The Company will adopt SFAS No. 133 during fiscal 2001. To date, the Company has not engaged in derivative or hedging activities.

In December 1999, the SEC issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. SAB 101 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosures related to revenue recognition policies. In June 2000, the SEC issued SAB 101B, "Second Amendment: Revenue Recognition in Financial Statements" ("SAB 101B"). SAB 101B deferred the implementation date of SAB 101 until no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. The Company has evaluated SAB 101 and believes that its current revenue recognition is in compliance with the SAB.

In March 2000, the FASB issued Interpretation No. 44, ("FIN 44"), "Accounting for Certain Transactions Involving Stock Compensation--an Interpretation of APB 25." This interpretation clarifies (a) the definition of employee for purposes of applying Opinion 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. This interpretation is effective July 1, 2000, but certain conclusions in this interpretation cover specific events that occur after either December 15, 1998, or January 12, 2000. To the extent that this interpretation covers events occurring during the period after December 15, 1998, or January 12, 2000, but before the effective date of July 1, 2000, the effects of applying this interpretation are recognized on a prospective basis from July 1, 2000. The adoption of FIN 44 did not have a material impact on the Company's financial statements.

Note 3 Balance Sheet Components:

Inventories consist of the following (in thousands):

	December 31, 1999	September 30, 2000
		(unaudited)
Raw materials	$ 73	$432
Finished goods	293	235
	$366	$667

As of December 31, 1998, the Company had no inventory.

Property and Equipment consist of the following (in thousands):

	December 31,	
	1998	1999
Computer hardware	$ 524	$1,580
Clinical equipment	156	1,537
Computer software	9	302
Furniture and fixtures	129	313
Leasehold improvements	83	275
	901	4,007
Less: Accumulated depreciation and amortization	(131)	(690)
	$ 770	$3,317

Property and equipment includes $21,400 and $18,957 of assets under capital leases at December 31, 1998 and 1999, respectively. Accumulated amortization of assets under capital leases totaled $4,103 and $9,607 at December 31, 1998 and 1999, respectively.

Depreciation expense was $16,000, $115,000 and $559,000 for the period from April 3, 1997 (date of inception) to December 31, 1997 and the years ended December 31, 1998 and 1999, respectively.

Accrued and other current liabilities consist of the following (in thousands):

	December 31,	
	1998	1999
Accrued payroll and benefits	$ 33	$ 744
Accrued marketing expenses	--	385
Accrued loss reserve on product sales	--	351
Other	96	570
	$129	$2,050

Note 4 Commitments and Contingencies:

Operating lease

The Company leases two facilities in Sunnyvale, California expiring in September and December 2000. One lease was paid in its entirety in advance in 1998, and accordingly is being amortized over the life of the lease. Total rent expense was $16,000, $147,000 and $295,000 for

the period from April 3, 1997 (date of inception) to December 31, 1997, and for the years ended December 31, 1998 and 1999, respectively. The future minimum lease payments under these noncancelable operating leases for the year ending December 31, 2000 is $622,000.

In June 2000, the Company entered into a noncancelable operating lease to lease a manufacturing facility in Santa Clara, California. The lease term is for five years, commencing July 1, 2000. The Company paid $1,175,000 security deposit upon execution of the lease.

In July 2000, the Company entered into an agreement to sublease additional manufacturing space in Santa Clara, California. The lease term begins on July 14, 2000 and expires on August 14, 2002. A security deposit of $184,448 was paid by the Company upon execution of the lease.

The minimum lease payments under these leases as of September 30, 2000 are $1,450,000, $2,969,000, $2,701,000, $2,264,000, $2,355,000 and $1,177,000 for the years ended December 31, 2000, 2001, 2002, 2003, 2004 and thereafter, respectively.

Advertising Commitments

In May 2000, the Company entered into an escrow agreement between TBWA Chiat/Day, Inc. ("TBWA") and Greater Bay Trust Company ("Escrow Agent"). TBWA has been employed by the Company to procure non-cancellable television and radio media time on behalf of the Company. In consideration of the services provided by TBWA, the Company has agreed to deposit a certain amount with the Escrow Agent for purposes of repaying TBWA. At September 30, 2000, the Company had $17,787,000 held in money market funds with the Escrow Agent. This amount has been classified as restricted cash.

Contingencies

The Company was involved in a patent infringement proceeding with a plaintiff asserting infringement of two of its patents. On June 30, 2000, the Company entered into a stipulation of dismissal with the plaintiff whereby the plaintiff agreed not to recommence a suit against the Company for two years with respect to the disputed patents. Pursuant to the agreement, if a patent is subsequently issued to the plaintiff and the plaintiff believes the Company is infringing it, then the plaintiff may commence suit after one year from the effective date of the agreement and include in such action claims involving the two previously disputed patents. If any such action is successful, it could result in a significant monetary damages judgment against the Company.

The Company is subject to claims and assessments from time to time in the ordinary course of business. Management does not believe that any such matters, individually or in the aggregate, will have a material adverse effect on the Company's financial condition.

Capitalized lease obligations

The Company is leasing equipment from several leasing companies. Under the terms of the capital lease obligations, which bear interest at 10.155% at December 31, 1998 and December 31, 1999 and expire from May 2000 through October 2001, the Company is responsible for insurance, transportation and support service costs.

Future minimum payments under capital lease obligations are as follows (in thousands):

Year Ended December 31,	
2000	$ 6
2001	4
Minimum lease payments	10
Less: Amount representing interest	(1)
Present value of minimum lease payments	9
Amount due within one year	(6)
Amount due after one year	$ 3

In February 2000, the Company leased a stereolithography apparatus from Leasing Technologies International, Inc. ("LTI") under a master lease agreement entered into between the Company and LTI in July 1999. Under the terms of the lease, the value of the leased equipment is $729,000 at a borrowing rate of 11.154% per annum. The term of the lease is for 48 months with a bargain purchase option at the end of the lease to purchase the equipment at 15% of the purchase price. Accordingly, the Company has capitalized the leased equipment in accordance with SFAS 13, "Accounting for Leases."

In May and June 2000, the Company leased two stereolithography machines from 3D Capital Corporation ("3D") under a Master Lease Agreement entered into in September 1999 for a total value of $1,479,000 at a borrowing rate of 6.533% per annum for a period of 60 months. The Company has capitalized these machines in accordance with SFAS 13.

Note 5 Credit Facilities:

The Company had a $450,000 line of credit which expired on March 18, 1999. This line of credit was not drawn against in either the year ended December 31, 1998 or December 31, 1999.

The Company entered into a line of credit agreement (the "Line") with a financing institution (the "Lender") on April 12, 1999 to make available up to an aggregate principal amount of $5,000,000. The Line is available in minimum advances of $1,000,000 with each advance to be evidenced by a note bearing interest at 12% per annum. The agreement requires that each note shall be payable in 36 monthly installments of principal and interest. The assets of the Company are pledged as collateral for the loan agreement. Under the Line, the Company is required to maintain certain negative and financial covenants, which require, among other things, written consent from the Lender prior to the declaration and payment of dividends and sale of material assets of the Company. The Company did not borrow money under this agreement in 1999. A secured promissory note for the entire $5,000,000 was executed on April 12, 2000. In connection with this Line the Company issued 266,667 warrants to purchase convertible preferred stock (Note 6).

In July 1999, the Company entered into an agreement with a leasing company for a leasing line of credit of $1,000,000. Amounts borrowed under this agreement bear interest at a rate of 11.154% and are collateralized by leased assets. At December 31, 1999, the Company had not borrowed against this line of credit.

In September 1999, the Company entered into an agreement with a leasing company for a leasing line of credit of $3,000,000. Amounts borrowed under this agreement bear interest at a

rate of 12.00% and are collateralized by leased assets. At December 31, 1999, the Company had not borrowed against this line of credit.

In January 2000, the Company exercised its right to extend its draw period relating to the Line entered into with the Lender. in April 1999 from an original draw expiration date of January 2000 to October 2000. In conjunction with the draw period extension, the Company issued the Lender a warrant to purchase 56,250 shares of the Company's Series C preferred stock at a price of $8.00 per share (Note 6). In April 2000, the Company drew down a total of $5,000,000 against the line. The note was subsequently repaid in full in July 2000.

Note 6 Convertible Preferred Stock:

Convertible preferred stock

Convertible preferred stock consists of the following (in thousands):

	December 31,		September 30,
	1998	1999	2000
			(unaudited)
Series A: 2,175 shares authorized, issued and outstanding at December 31, 1998, 1999 and September 30, 2000 (unaudited) (liquidation preference at September 30, 2000 (unaudited) $2,175)	$ 2,164	$ 2,164	$ 2,164
Series B: 3,825 shares authorized; 3,359 shares issued and outstanding at December 31, 1998, 1999 and September 30, 2000 (unaudited) (liquidation preference at September 30, 2000 (unaudited) $10,076)	10,059	10,059	10,059
Series C: no shares authorized at December 31, 1998 and 2,656 shares authorized at December 31, 1999 and September 30, 2000 (unaudited); no shares issued and outstanding at December 31, 1998 and 2,593 shares issued and outstanding at December 31, 1999 and September 30, 2000 (unaudited) (liquidation preference at September 30, 2000 (unaudited) $20,745)	--	19,490	19,490
Series D: none, none and 4,949 shares authorized at December 31, 1998, 1999 and September 30, 2000 (unaudited), respectively; none, none and 4,049 shares issued and outstanding at December 31, 1998, 1999 and September 30, 2000 (unaudited), respectively (liquidation preference at September 30, 2000 (unaudited) $86,038)	--	--	82,177
	$12,223	$31,713	$113,890

Sale of preferred securities

In May and June 2000, the Company sold 4,048,836 shares of Series D preferred shares for gross proceeds of $86,000,000. Included in the 4,048,836 total shares issued, the Company issued 660,601 Series D shares upon the conversion of the Convertible Subordinated Promissory Notes financing (the "Notes") and associated interest as discussed below. The

issuance of Series D convertible preferred stock resulted in a beneficial conversion feature, calculated in accordance with Emerging Issues Task Force Issue No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios." Accordingly, the Company has recognized $44,150,000 as a charge to additional paid in capital to account for the deemed dividend on the preferred stock as of the issuance date in the September 30, 2000 unaudited interim financial statements. In addition, the Series D preferred shares have certain contingent rights and preferences which, if perfected, could cause the Company to record an incremental beneficial conversion feature charge.

The Company has accounted for a beneficial conversion feature embedded in convertible subordinated notes (the "Notes") entered into on May 15, 2000. The beneficial conversion feature, amounting to $7,689,000, represents an additional interest yield on the debt which may be converted at any time at the option of the holders into immediately convertible preferred stock. Accordingly, the beneficial conversion feature has been recorded as an immediate charge to interest expense in May 2000. Under the terms of the loan agreement, the Notes, and associated accrued interest, were converted into the Company's convertible Series D preferred stock ("Series D shares") in May 2000. The Company sold the Notes, in the aggregate face amount of $14,000,000, bearing a stated interest rate of 10% per annum and a maturity date one month from the date of issuance.

Convertible subordinated note

During 1999, the Company issued $750,000 in convertible subordinated notes payable to certain preferred stockholders. The amount subsequently converted into 93,750 shares of Series C convertible preferred stock at $8 per share.

The rights, preferences and privileges of Series A, Series B, Series C and Series D preferred stock are as follows:

Voting rights

Holders of Series A, Series B, Series C and Series D preferred stock are entitled to one vote for each share of common stock into which such shares can be converted. Certain votes, as defined in the Company's Articles of Incorporation, require the approval of at least a majority of Series A, Series B, Series C and Series D preferred stock stockholders. The holders of Series A and Series B preferred stock, voting as separate classes, are each entitled to elect one member to the Company's Board of Directors. Beginning January 1, 2001, the holders of the Series D preferred stock are entitled to elect one member of Align's Board of Directors in the event that the Company has not yet closed an initial public offering of its common stock at that time. The holders of common stock and Preferred Stock, voting together as a single class, are entitled to elect all remaining members of the Board of Directors.

Dividends

The holders of Series A, Series B, Series C and Series D preferred stock are entitled to noncumulative dividends, when and if declared by the Board of Directors, in the amount of $0.08, $0.24, $0.64 and $1.70, respectively, per share per annum, on each outstanding share of Series A, Series B, Series C and Series D preferred stock, subject to certain adjustments. No dividends have been declared or paid as of June 30, 2000.

Conversion rights

Shares of Series A, Series B, Series C and Series D preferred stock are convertible into common stock at the option of the holder or automatically upon a public offering of at least $75,000,000 of common stock or upon the written consent of the holders of more than two-thirds of the then outstanding shares of Series A, Series B, Series C and Series D preferred stock. The conversion rate is one share of common stock for one share of preferred stock (subject to certain adjustments). In the event of a sale of common stock below any preferred stock conversion price, such preferred stock conversion price shall be adjusted. In addition, in the event that the Company issues more than 1,665,989 additional shares of common stock, as defined, before the earlier of January 31, 2001, or the effectiveness of a registration statement, the Series D conversion price will be adjusted as of such date. As of September 30, 2000, the Company has issued 137,015 stock options above the 1,665,989 shares as defined above. As a result the Series D stockholders would receive an additional 36,663 shares of common stock upon conversion of the preferred stock.

Liquidation

In the event of liquidation or sale of the Company, each class of preferred stock shall be entitled to be paid out of the assets of the Company an amount of $1.00, $3.00, $8.00 and $21.25, respectively, for the Series A, Series B, Series C and Series D, plus all declared but unpaid dividends relating to preferred stock.

Holders of Series D preferred stock have preference over holders of Series A, Series B, Series C and common stockholders. Holders of Series C preferred stock have preference over holders of Series A and Series B preferred stock and common stockholders. Holders of Series B preferred stock have preference over holders of Series A preferred stock. Holders of Series A preferred stock have preference over common stockholders.

The remaining assets of the Company shall be distributed among all stockholders on an as-if-converted basis until such time as the Series D preferred stockholders have received $63.75 per share, Series C preferred stockholders have received $16.00 per share, the Series B preferred stockholders have received $9.00 per share and the Series A preferred stockholders have received $4.00 per share. The remaining assets of the Company shall then be distributed ratably to the common stockholders.

The following events are considered a liquidation: (i) any consolidation, merger or corporate reorganization in which the stockholders immediately prior to such transaction own less than 50% of the Company's voting power immediately after the transaction; or any transaction or series of related transactions in which in excess of 50% of the Company's voting power is transferred and (ii) a sale, lease or other disposition of all or substantially all of the Company's assets.

Warrants

In April 1999, in connection with a financing arrangement, the Company issued 266,667 warrants to purchase Series B convertible preferred stock at $3.00 per share. The warrants are exercisable for a period of ten years from the date of issuance or 5 years from the Company's initial public offering of common stock, whichever is shorter. The aggregate fair value of these warrants of $1,042,000 was calculated using the Black-Scholes pricing

method and has been charged to preferred stock warrants. The related amount is being amortized as interest expense over the life of the notes. A total of $984,000 was amortized in 1999.

In conjunction with the draw period extension, the Company issued the Lender a warrant to purchase 56,250 shares of the Company's Series C preferred stock at a price of $8.00 per share. The warrants are exercisable for a period of ten years from the date of issuance. The fair value of the warrants was calculated using the Black-Scholes pricing method and has been charged to preferred stock warrants and amortized as interest expense over the life of the note. A total of $776,000 was amortized during the nine months ended September 30, 2000 over the total amount discounted from the value of the note of $776,000.

Note 7 Common Stock:

Common stock

The holders of common stock, voting as a separate class, may elect two members of the Board of Directors. Any additional members of the Board of Directors shall be elected by the holders of common stock and preferred stock voting together as a class.

The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors subject to the prior rights of holders of all classes of stock having priority rights as to dividends. No dividends have been declared or paid as of September 30, 2000.

Restricted stock purchase agreement

The Company has sold shares of its common stock to founders and employees of the Company under agreements which provide for repurchase of the stock by the Company at the stock's original purchase price upon termination of employment. The Company's right to repurchase lapses at any time prior to the earlier of: (i) three years from date of agreement; (ii) the closing of an "Asset Transfer" or an "Acquisition"; or (iii) the voluntary liquidation, dissolution, or winding up of the Company. At December 31, 1998 and 1999, 889,466 and 326,771 shares of common stock, respectively, were subject to repurchase, including 52,258 shares of common stock which were subject to a right of repurchase at the Company's discretion until October 2002.

Note 8 Stock Options:

In April 1997, the Company adopted the 1997 Equity Incentive Plan (the "Plan") under which the Board of Directors may issue incentive and non-qualified stock options to employees, directors and consultants. The Company has reserved 4,854,546 shares of common stock for issuance under the Plan. The Board of Directors has the authority to determine to whom options will be granted, the number of shares, the term and exercise price. Options are to be granted at an exercise price not less than fair market value for incentive stock options or 85% of fair market value for non-qualified stock options. For individuals holding more than 10% of the voting rights of all classes of stock, the exercise price of incentive stock options will not be less than 110% of fair market value. Options become exercisable and vest on a cumulative basis at the discretion of the Board of Directors but at a rate not less than 20% per year over five years from the date of grant and generally

vest at a rate of 25% on the first anniversary and 1/48th each month thereafter. The term of the options is no longer than five years for incentive stock options for which the grantee owns greater than 10% of the voting power of all classes of stock and no longer than ten years for all other options.

Activity under the Plan is set forth below (in thousands, except per share data):

		Options Outstanding		
	Shares Available for Grant	Shares	Weighted Average Exercise Price	Aggregate Price
Initial shares reserved	1,255	--	$ --	$ --
Options granted	(587)	587	$0.019	11
Options exercised	--	(490)	$0.003	(2)
Balances at December 31, 1997	668	97	$0.100	9
Options granted	(505)	505	$0.208	105
Options exercised	--	(46)	$0.109	(5)
Options cancelled	80	(80)	$0.100	(8)
Balances at December 31, 1998	243	476	$0.214	101
Increase in pool	800	--	--	--
Options granted	(368)	368	$0.391	144
Options exercised	--	(164)	$0.262	(42)
Options cancelled	37	(37)	$0.270	(10)
Balances at December 31, 1999	712	643	$0.300	193
Increase in pool	2,800	--	--	--
Options granted	(2,406)	2,406	$ 1.64	3,945
Options exercised	--	(821)	$ 0.83	(680)
Options cancelled	72	(72)	$ 0.56	(40)
Balances at September 30, 2000 (unaudited)	1,178	2,156	$ 1.59	$3,418

The options outstanding and currently exercisable by exercise price at December 31, 1999 are as follows:

Options Outstanding and Exercisable		
Exercise Price	Number Outstanding and Exercisable	Weighted Average Remaining Contractual Life (Years)
$0.10	162	8.38
0.30	404	9.20
0.60	44	9.65
0.80	33	9.81
	643	

The options outstanding and currently exercisable by exercise price at September 30, 2000 are as follows (unaudited) (in thousands, except per share data):

Options Outstanding and Exercisable		
Exercise Price	Number Outstanding and Exercisable	Weighted Average Remaining Contractual Life (Years)
$0.10	58	7.72
0.30	180	8.59
0.60	31	8.91
0.80	542	9.54
2.13	1,345	9.96
	2,156	

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation." Had compensation cost for the Incentive Stock Plan been determined based on the fair value at the grant date for awards during 1997, 1998 and 1999, consistent with the provisions of SFAS No. 123, the Company's pro forma net loss and pro forma net loss per share would have been as follows (in thousands, except per share amounts):

	Period from April 3, 1997 (date of inception) to December 31, 1997	Years Ended December 31, 1998	Years Ended December 31, 1999
Net loss, as reported	$ (664)	$(3,775)	$(15,415)
Net loss, pro forma	$ (664)	$(3,777)	$(15,519)
Net loss per share, as reported, basic and diluted	$(0.86)	$ (2.66)	$ (7.31)
Net loss per share, pro forma, basic and diluted	$(0.86)	$ (2.66)	$ (7.36)

Such pro forma disclosure may not be representative of future compensation cost because options vest over several years and additional grants are anticipated to be made each year.

The value of each option grant is estimated on the date of grant using the minimum value method with the following weighted assumptions:

	Period from April 3, 1997 (date of inception) to December 31, 1997	Years Ended December 31, 1998	Years Ended December 31, 1999
Risk-free interest rate	6.11%	4.22 - 5.63%	4.91 - 6.03%
Expected life	5 years	5 years	5 years
Expected dividends	0%	0%	0%

Volatility was not included in the calculation of the fair value of options grants as the Company's equity securities are not publicly traded.

The weighted average per share fair values of options granted during the period from April 3, 1997 (date of inception) to December 31, 1997, and the years ended December 31, 1998 and 1999 were $0.06, $0.12 and $6.57, respectively.

Stock-based compensation

During the years ended December 31, 1998 and 1999, the Company recorded unearned stock-based compensation for the excess of the deemed fair market value over the exercise price at the date of grant of none and $1,772,000, respectively, related to options granted to employees. The Company has recorded additional unearned stock-based compensation of $73,602,000 related to options issued to employees to purchase common stock issued through September 30, 2000. The compensation expense is being recognized over the option vesting period of four years using the straight-line method. For the period from April 3, 1997 (date of inception) to December 31, 1997 and the years ended December 31, 1998 and 1999, the Company recorded amortization of stock-based compensation of none, none and $267,000, respectively, in connection with options granted to employees.

During the years ended December 31, 1998 and 1999, the Company recorded unearned stock-based compensation of none and $402,000, respectively, related to options granted to consultants. For options granted to consultants, the Company determined the fair value of the options using the Black-Scholes pricing model. The Company has recorded additional unearned stock-based compensation of $7,368,000 related to options issued to consultants to purchase common stock issued through September 30, 2000. The compensation expense is being recognized over the option vesting period of four years, using the method presented by FIN 28. For the period from April 3, 1997 (date of inception) to December 31, 1997 and the years ended December 31, 1998 and 1999, the Company recorded amortization of stock-based compensation of none, none and $127,000, respectively, in connection with options granted to consultants.

Amortization of deferred stock compensation has been allocated to cost of revenue, sales and marketing, general and administrative and research and development expenses as follows (in thousands):

	Period from April 3, 1997 (date of inception) to December 31, 1997	Years Ended December 31, 1998	1999	Nine Months Ended September 30, 1999	2000
				(unaudited)	
Cost of revenue	$ --	$ --	$ 80	$ 21	$1,339
Sales and marketing	--	--	111	50	1,461
General and administrative	--	--	106	46	3,374
Research and development	--	--	97	70	1,729
	$ --	$ --	$394	$187	$7,903

Note 9 Income Taxes:

Deferred tax assets and liabilities consist of the following (in thousands):

	Year Ended December 31,	
	1998	1999
Deferred tax assets:		
Start-up costs	$ 1,014	$ 2,514
Net operating loss carryforwards	695	3,968
Research and development credit	219	606
Other	(4)	181
Deferred tax assets	1,924	7,269
Less: Valuation allowance	(1,924)	(7,269)
Net deferred tax asset	$ --	$ --

Due to the uncertainty surrounding the realization of favorable tax attributes in future tax returns, the Company has placed a valuation allowance against all of its net deferred tax assets. At such time as it is determined that it is more likely than not that the deferred tax assets are realizable, the valuation allowance will be reduced.

At December 31, 1998 and 1999, the Company had federal and state net operating loss carryforwards of approximately $10,500,000 and $1,700,000, respectively, available to offset future regular and alternative minimum taxable income. The Company's federal and state net operating loss carryforwards will begin to expire in 2017 for federal purposes and 2005 for state purposes if not utilized.

At December 31, 1998 and 1999, the Company had federal and state research and experimentation tax credit carryforwards of approximately $219,000 and $606,000, respectively, available to offset future income tax liabilities. The Company's federal research and experimentation credit will begin to expire in 2017.

The Tax Reform Act of 1986 limits the use of net operating loss and tax credit carryforwards in certain situations where changes occur in the stock ownership of a Company. If the Company should have an ownership change, as defined by the tax law, utilization of the carryforwards could be restricted.

Note 10 Employee Benefit Plan:

In January 1999, the Company adopted a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the plan may be made at the discretion of the Board of Directors. There have been no contributions by the Company since the inception of the plan.

Note 11 Subsequent Events:

Initial Public Offering

In September 2000, the Board of Directors authorized management of the Company to file a registration statement with the Securities and Exchange Commission permitting the Company to sell shares of its common stock to the public. If the initial public offering is closed under the terms presently anticipated, all of the convertible preferred stock outstanding will automatically convert into shares of common stock on a one-for-one basis. Unaudited pro forma stockholders' equity, as adjusted for the assumed conversion of the preferred stock, is set forth on the balance sheet.

Loan to Officer

In September 2000, the Company issued a loan in the amount of $95,000 at a rate of 6% per annum to the Company's Vice President of Corporate Strategy. The loan is due on demand, but in no event later than September 19, 2001.

Employee Notes Receivable

In November 2000, the Company loaned $1,162,082 to certain employees and officers for the exercise of incentive stock options. All of the full recourse notes accrue interest at 9.5% and are due on the second anniversary of the issuance date. The notes are secured by the shares of common stock held by the employees and their personal guarantee.

Sale of Preferred Securities

In October 2000, the Company sold 718,355 additional shares of Series D preferred stock for gross proceeds of $15.3 million. The issuance of Series D convertible preferred stock resulted in a beneficial conversion feature of $13.5 million, calculated in accordance with Emerging Issues Task Force Issue No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios." Accordingly, the Company will recognize a charge to additional paid in capital to account for the deemed dividend on the preferred stock as of the issuance date in its third fiscal quarter of 2000. In addition, the Series D preferred shares have certain contingent rights and preferences which, if perfected, could cause the Company to record an incremental beneficial conversion feature charge.

Conversion Rights

In accordance with the Company's certificate of incorporation, as amended in connection with the Series D preferred stock sale, as of November 13, 2000, because the Company has issued 295,015 shares of common stock in excess of the 1,665,979 shares of common stock permitted, as defined in the certificate of incorporation, the Company will be required to issue an additional total number of 96,636 shares of common stock upon the conversion of the preferred stock.

In addition, the additional shares issued as per above will result in a beneficial conversion feature, calculated in accordance with EITF No. 98-5. Accordingly, the Company will recognize a deemed dividend on this additional common stock based on the fair value of the common stock at the conversion date.

2001 Stock Incentive Plan

In August 2000, the Board of Directors adopted the 2001 Stock Incentive Plan (the "2001 Plan"). The 2001 Plan, which will terminate no later than 2011, provides for the granting of incentive stock options, nonstatutory stock options and restricted stock purchase rights and stock bonuses to employees, and consultants.

A total of 2,700,000 shares of common stock have been authorized for issuance under the 2001 Plan. At the date of the stockholders' meeting in 2001, and annually thereafter, the authorized shares will automatically be increased by a number of shares equal to the least of:

- 3% of the then outstanding shares of common stock on a fully-diluted basis;
- 3,000,000 shares; or
- a lesser number of shares determined by the Board of Directors.

Employee Stock Purchase Plan

In August 2000, the Board of Directors adopted the Employee Stock Purchase Plan (the "Purchase Plan"), authorizing the issuance of 500,000 shares of common stock pursuant to purchase rights granted to in the United States employees.

At the date of the stockholders' meeting in 2001, and annually thereafter, for a period of 20 years, the share reserve will automatically be increased by a number of shares equal to the least of:

- 1.0% of the then outstanding shares of common stock on a fully diluted basis;
- 5000,000 shares; or
- a lesser number of shares determined by the Board of Directors.

The Purchase Plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Internal Revenue Code of 1986, as amended. As of the date hereof, no shares of common stock have been purchased under the Purchase Plan.

The Purchase Plan permits eligible employees to purchase common stock at a discount through payroll deductions during defined offering periods. The price at which stock is purchased under the purchase plan is equal to 85% of the fair market value of the common stock on the first day of the offering period of 85% of the fair market value on the subsequent designated purchase dates, whichever is lower. The initial offering period will commence on the effective date of the offering.

Inside back page:

Middle top of page: Caption: "Which of these people is wearing Invisalign?"
Graphic: Top of page is a series of four pictures of people smiling.

Center of page: Caption: "They all are."

Center third of page: Graphic: three pictures of woman placing an Aligner on her teeth.

Bottom right corner: Align mark; Invisalign mark

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

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Until , 2000 (25 days after the date of this Prospectus), all dealers that buy, sell or trade in these securities, whether or not participating in this offering, may be required to deliver a prospectus. Dealers are also obligated to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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Align Technology, Inc.

Shares

Common Stock

Deutsche Banc Alex. Brown
Bear, Stearns & Co. Inc.
J.P. Morgan & Co.
Robertson Stephens

Prospectus

, 2000

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than the underwriting discounts and commissions, payable by us in connection with the sale of common stock being registered. All amounts are estimates except the SEC registration fee, the NASD filing fees and the Nasdaq National Market listing fee.

SEC Registration Fee	$ 52,800
NASD Filing Fee	$ 20,500
Nasdaq National Market Listing Fee	*
Printing and Engraving Expenses	$350,000
Legal Fees and Expenses	*
Accounting Fees and Expenses	*
Blue Sky Fees and Expenses	$ 3,000
Transfer Agent Fees	$ 10,000
Miscellaneous	*
Total	*

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* To be provided by amendment

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law authorizes a court to award or a corporation's board of directors to grant indemnification to directors and officers in terms sufficiently broad to permit the indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Securities Act"). Article XI, Section 43 of our bylaws provides for mandatory indemnification of our directors and officers and permissible indemnification of employees and other agents to the maximum extent permitted by the Delaware General Corporation Law. Our certificate of incorporation provides that, subject to Delaware law, our directors will not be personally liable for monetary damages for breach of the directors' fiduciary duty as directors to Align Technology, Inc. and its stockholders. This provision in the certificate of incorporation does not eliminate the directors' fiduciary duty, and in appropriate circumstances, equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to the company or our stockholders for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for actions leading to improper personal benefit to the director, and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law. The provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws. We have entered into indemnification agreements with our officers and directors, which provide our officers and directors with further indemnification to the maximum extent permitted by the Delaware General Corporation Law. Reference is also made to the underwriting agreement contained in Exhibit 1.1 hereto, indemnifying our officers and directors against certain liabilities, and our Amended and Restated Investors' Rights Agreement contained in Exhibit 10.1 hereto, indemnifying the parties thereto, including controlling stockholders, against liabilities.

Item 15. Recent Sales of Unregistered Securities

Set forth below is information regarding shares of common stock and Preferred Stock issued, and options and warrants granted, by the registrant within the past three years.

(1) On August 29, 1997, the registrant sold 2,175,000 shares of Series A Preferred Stock, convertible into 2,175,000 shares of common stock, to a group of investors for an aggregate cash consideration of $2,175,000.00;

(2) On July 13, 1998, the registrant sold 3,373,968 shares of Series B Preferred Stock, convertible into 3,373,968 shares of common stock, to a group of investors for an aggregate cash consideration of $10,121,904.00;

(3) On September 24, 1999, the registrant sold 2,574,364 shares of Series C Preferred Stock, convertible into 2,574,364 shares of common stock, to a group of investors for an aggregate cash consideration of $20,594,912.00;

(4) On May 25, June 20 and October 5, 2000, the registrant sold 4,767,191 shares of Series D Preferred Stock, convertible into 4,767,191 shares of common stock, to a group of investors for an aggregate cash consideration of 101,266,995.52.

(5) As of September 30, 2000, options to purchase 1,206,957 shares of common stock had been exercised for an aggregate consideration of $324,337 and options to purchase 987,810 shares of common stock, at a weighted average exercise price of $0.656 per share, were outstanding under the 1997 Plan;

(6) As of September 30, 2000, no options under the 2001 Plan have been granted.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering, and we believe that each transaction was exempt from the registration requirements of the Securities Act by virtue of Section 4(2) thereof, Regulation D promulgated thereunder or Rule 701 pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients in each transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the share certificates and instruments issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us.

Item 16. Exhibits

Exhibit Number	Description of Document
1.1	Form of Underwriting Agreement.
3.1*	Amended and Restated Certificate of Incorporation of registrant, to be effective upon consummation of this offering.
3.2*	Amended and Restated Bylaws of registrant, to be effective upon consummation of this offering.
4.1*	Form of Specimen Common Stock Certificate.
5.1*	Opinion of Brobeck, Phleger & Harrison LLP regarding the legality of the common stock being registered.
10.1*	Amended and Restated Investors' Rights Agreement, among registrant and certain of its stockholders, dated September 16, 2000.
10.2*	Employment Agreement between registrant and Stephen Bonelli, dated November 6, 2000.

Exhibit Number	Description of Document
10.3	Lease and License Agreement by and between Pakistan Services Ltd. and registrant for its manufacturing space in Pakistan located at Pearl Continental, Pavilion 44, Lahore, Pakistan, dated March 4, 1999.
10.4	Lease Agreement by and between James Lindsay and registrant, dated June 20, 2000, for office space located at 881 Martin Avenue, Santa Clara, CA.
10.5*	Sublease Agreement by and between GW Com, Inc. and registrant, dated July 2000, for office space located at 851 Martin Avenue, Santa Clara, CA.
10.6	Lease Agreement by and between registrant and Saadia Kahwar Khan Chishti for manufacturing space in Pakistan located at the Bhallah House, Bhalla Stop, Multan Road, Lahore, Pakistan dated September 1, 2000.
10.7	Shelter Services Agreement between registrant and Elamex, S.A. de C.V. dated February 16, 2000.
10.8	Joint Development Agreement by and between registrant and 3D Systems dated September 9, 1999.
10.9*	Loan and Security Agreement by and between Comdisco Inc. and registrant, dated April 12, 1999.
10.10*	Secured Promissory Note Agreement by and between Comdisco Inc. and registrant, dated April 14, 2000.
10.11	Warrant Agreement, dated April 12, 1999, by and between Comdisco and registrant.
10.12*	Warrant Agreement, dated January 7, 2000, by and between Comdisco and registrant.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
23.2	Consent of Brobeck, Phleger & Harrison LLP (contained in their opinion filed as Exhibit 5.1).
24.1	Power of Attorney (see Page II-5).
27.1	Financial Data Schedule.

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* To be filed by amendment.

Item 17. Undertakings

We hereby undertake to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the Delaware General Corporation Law, our certificate of incorporation or our bylaws, indemnification agreements entered into between the registrant and our officers and directors, the underwriting agreement, or otherwise, we have been advised that in the opinion of the commission such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by any of our directors, officers or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of Prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of Prospectus filed by us pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective;

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Santa Clara, State of California, on November 14, 2000.

ALIGN TECHNOLOGY, INC.

By: /s/ Zia Chishti
Zia Chishti,
Chief Executive Officer and
Chairman of the Board

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints, jointly and severally, Zia Chishti and Stephen Bonelli, and each one of them, his true and lawful attorneys-in-fact and agents, each with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to sign any Registration Statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming that each of said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Zia Chishti Zia Chishti	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	November 14, 2000
/s/ Stephen Bonelli Stephen Bonelli	Chief Financial Officer and Vice President, Finance (Principal Accounting Officer)	November 14, 2000
/s/ Kelsey Wirth Kelsey Wirth	President	November 14, 2000
/s/ Brian Dovey Brian Dovey	Director	November 14, 2000
/s/ Joseph Lacob Joseph Lacob	Director	November 14, 2000

Signature	Title	Date
/s/ Mark Logan Mark Logan	Director	November 14, 2000
/s/ H. Kent Bowen H. Kent Bowen	Director	November 14, 2000

EXHIBIT INDEX

Exhibit Number	Description of Document
1.1	Form of Underwriting Agreement.
3.1*	Amended and Restated Certificate of Incorporation of registrant, to be effective upon consummation of this offering.
3.2*	Amended and Restated Bylaws of registrant, to be effective upon consummation of this offering.
4.1*	Form of Specimen Common Stock Certificate.
5.1*	Opinion of Brobeck, Phleger & Harrison LLP regarding the legality of the common stock being registered.
10.1*	Amended and Restated Investors' Rights Agreement, among registrant and certain of its stockholders, dated September 16, 2000.
10.2*	Employment Agreement between registrant and Stephen Bonelli, dated November 6, 2000.
10.3	Lease and License Agreement by and between Pakistan Services Ltd. and registrant for its manufacturing space in Pakistan located at Pearl Continental, Pavilion 44, Lahore, Pakistan, dated March 4, 1999.
10.4	Lease Agreement by and between James Lindsay and registrant, dated June 20, 2000, for office space located at 881 Martin Avenue, Santa Clara, CA.
10.5*	Sublease Agreement by and between GW Com, Inc. and registrant, dated July 2000, for office space located at 851 Martin Avenue, Santa Clara, CA.
10.6	Lease Agreement by and between registrant and Saadia Kahwar Khan Chishti for manufacturing space in Pakistan located at the Bhallah House, Bhalla Stop, Multan Road, Lahore, Pakistan dated September 1, 2000.
10.7	Shelter Services Agreement between registrant and Elamex, S.A. de C.V. dated February 16, 2000.
10.8	Joint Development Agreement by and between registrant and 3D Systems dated September 9, 1999.
10.9*	Loan and Security Agreement by and between Comdisco Inc. and registrant, dated April 12, 1999.
10.10*	Secured Promissory Note Agreement by and between Comdisco Inc. and registrant, dated April 14, 2000.
10.11	Warrant Agreement, dated April 12, 1999, by and between Comdisco and registrant.
10.12*	Warrant Agreement, dated January 7, 2000, by and between Comdisco and registrant.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
23.2	Consent of Brobeck, Phleger & Harrison LLP (contained in their opinion filed as Exhibit 5.1).
24.1	Power of Attorney (see Page II-5).
27.1	Financial Data Schedule.

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* To be filed by amendment.

EXHIBIT 1.1

_____ Shares

ALIGN TECHNOLOGY, INC.

Common Stock

($0.0001 Par Value)

EQUITY UNDERWRITING AGREEMENT

_____, 2000

Deutsche Bank Securities Inc.
Bear Stearns & Co. Inc.
J.P. Morgan & Co., Inc.
FleetBoston Robertson Stephens Inc.
As Representatives of the
Several Underwriters
c/o Deutsche Bank Securities Inc.
One South Street
Baltimore, Maryland 21202

Ladies and Gentlemen:

Align Technology, Inc. a Delaware corporation (the "Company"), proposes to sell to the several underwriters (the "Underwriters") named in Schedule I hereto for whom you are acting as representatives (the "Representatives") an aggregate of _____ shares of the Company's Common Stock, $0.0001 par value (the "Firm Shares"). The respective amounts of the Firm Shares to be so purchased by the several Underwriters are set forth opposite their names in Schedule I hereto. The Company also proposes to sell at the Underwriters' option an aggregate of up to _____ additional shares of the Company's Common Stock (the "Option Shares") as set forth below.

As the Representatives, you have advised the Company (a) that you are authorized to enter into this Agreement on behalf of the several Underwriters, and (b) that the several Underwriters are willing, acting severally and not jointly, to purchase the numbers of Firm Shares set forth opposite their respective names in Schedule I, plus their pro rata portion of the Option Shares if you elect to exercise the over-allotment option in whole or in part for the accounts of the several Underwriters.

The Firm Shares and the Option Shares (to the extent the aforementioned option is exercised) are herein collectively called the "Shares."

Deutsche Bank Securities Inc. ("DBSI") has agreed to reserve up to _____ of the Shares to be purchased by it under this Agreement for sale to the Company's directors, officers, employees and business associates and other parties related to the Company (collectively, "Participants"), as set forth in the Prospectus under the heading "Underwriters" (the "Directed Share Program"). The Shares to be sold by DBSI and its affiliates pursuant to the Directed Share Program are referred to hereinafter as the "Directed Shares." Any Directed Shares not orally confirmed for purchase by any Participants by the end of the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Prospectus.

In consideration of the mutual agreements contained herein and of the interests of the parties in the transactions contemplated hereby, the parties hereto agree as follows:

1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each of the Underwriters as follows:

(a) A registration statement on Form S-1 (File No. 333-_____) with respect to the Shares has been prepared by the Company in conformity with the requirements of the Securities Act of 1933, as amended (the "Act"), and the Rules and Regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder and has been filed with the Commission. The Company has complied with the conditions for the use of Form S-1. Copies of such registration statement, including any amendments thereto, the preliminary prospectuses (meeting the requirements of the Rules and Regulations) contained therein and the exhibits, financial statements and schedules, as finally amended and revised, have heretofore been delivered by the Company to you. Such registration statement, together with any registration statement filed by the Company pursuant to Rule 462 (b) of the Act, herein referred to as the "Registration Statement," which shall be deemed to include all information omitted therefrom in reliance upon Rule 430A and contained in the Prospectus referred to below, has become effective under the Act and no post-effective amendment to the Registration Statement has been filed as of the date of this Agreement. "Prospectus" means the form of prospectus first filed with the Commission pursuant to Rule 424(b). Each preliminary prospectus included in the Registration Statement prior to the time it becomes effective is herein referred to as a "Preliminary Prospectus."

(b) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement. Each of the subsidiaries of the Company as listed in Exhibit 21 to Item 16(a) of the Registration Statement (collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement. The Subsidiaries are the only subsidiaries, direct or indirect, of the Company. The Company and each of the Subsidiaries are duly qualified to transact business in all jurisdictions in which the conduct of their business requires such qualification. The outstanding shares of capital

stock of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company or another Subsidiary free and clear of all liens, encumbrances and equities and claims; and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligations into shares of capital stock or ownership interests in the Subsidiaries are outstanding.

(c) The outstanding shares of Common Stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; the Shares to be issued and sold by the Company have been duly authorized and when issued and paid for as contemplated herein will be validly issued, fully paid and non-assessable; and no preemptive rights of stockholders exist with respect to any of the Shares or the issue and sale thereof. Neither the filing of the Registration Statement nor the offering or sale of the Shares as contemplated by this Agreement gives rise to any rights, other than those which have been waived or satisfied, for or relating to the registration of any shares of Common Stock.

(d) The information set forth under the caption "Capitalization" in the Prospectus is true and correct. All of the Shares conform to the description thereof contained in the Registration Statement. The form of certificates for the Shares conforms to the corporate law of the jurisdiction of the Company's incorporation.

(e) The Commission has not issued an order preventing or suspending the use of any Prospectus relating to the proposed offering of the Shares nor instituted proceedings for that purpose. The Registration Statement contains, and the Prospectus and any amendments or supplements thereto will contain, all statements which are required to be stated therein by, and will conform, to the requirements of the Act and the Rules and Regulations. The Registration Statement and any amendment thereto do not contain, and will not contain, any untrue statement of a material fact and do not omit, and will not omit, to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus and any amendments and supplements thereto do not contain, and will not contain, any untrue statement of material fact; and do not omit, and will not omit, to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations or warranties as to information contained in or omitted from the Registration Statement or the Prospectus, or any such amendment or supplement, in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of any Underwriter through the Representatives, specifically for use in the preparation thereof.

(f) The consolidated financial statements of the Company and the Subsidiaries, together with related notes and schedules as set forth in the Registration Statement, present fairly the financial position and the results of operations and cash flows of the Company and the consolidated Subsidiaries, at the indicated dates and for the indicated periods. Such financial statements and related schedules have been prepared in accordance with generally accepted principles of accounting, consistently applied throughout the periods involved, except as disclosed therein, and all adjustments necessary for a fair presentation of results for such periods have been made. The summary financial and statistical data included in the Registration Statement presents fairly the information shown therein and such data has been compiled on a basis consistent with the financial

statements presented therein and the books and records of the company. The pro forma financial statements and other pro forma financial information included in the Registration Statement and the Prospectus present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements, have been properly compiled on the pro forma bases described therein, and, in the opinion of the Company, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein.

(g) PricewaterhouseCoopers LLP, who have certified certain of the financial statements filed with the Commission as part of the Registration Statement, are independent public accountants as required by the Act and the Rules and Regulations.

(h) There is no action, suit, claim or proceeding pending or, to the knowledge of the Company, threatened against the Company or any of the Subsidiaries before any court or administrative agency or otherwise which if determined adversely to the Company or any of its Subsidiaries might result in any material adverse change in the earnings, business, management, properties, assets, rights, operations, condition (financial or otherwise) or prospects of the Company and of the Subsidiaries taken as a whole or to prevent the consummation of the transactions contemplated hereby, except as set forth in the Registration Statement.

(i) The Company and the Subsidiaries have good and marketable title to all of the properties and assets reflected in the financial statements (or as described in the Registration Statement) hereinabove described, subject to no lien, mortgage, pledge, charge or encumbrance of any kind except those reflected in such financial statements (or as described in the Registration Statement) or which are not material in amount. The Company and the Subsidiaries occupy their leased properties under valid and binding leases conforming in all material respects to the description thereof set forth in the Registration Statement.

(j) The Company and the Subsidiaries have filed all Federal, State, local and foreign tax returns which have been required to be filed and have paid all taxes indicated by said returns and all assessments received by them or any of them to the extent that such taxes have become due and are not being contested in good faith and for which an adequate reserve for accrual has been established in accordance with generally accepted accounting principles. All tax liabilities have been adequately provided for in the financial statements of the Company, and the Company does not know of any actual or proposed additional material tax assessments.

(k) Since the respective dates as of which information is given in the Registration Statement, as it may be amended or supplemented, there has not been any material adverse change or any development involving a prospective material adverse change in or affecting the earnings, business, management, properties, assets, rights, operations, condition (financial or otherwise), or prospects of the Company and its Subsidiaries taken as a whole, whether or not occurring in the ordinary course of business, and there has not been any material transaction entered into or any material transaction that is probable of being entered into by the Company or the Subsidiaries, other than transactions in the ordinary course of business and changes and transactions described in the Registration Statement, as it may be amended or supplemented. The Company and the Subsidiaries

have no material contingent obligations which are not disclosed in the Company's financial statements which are included in the Registration Statement.

(l) Neither the Company nor any of the Subsidiaries is or with the giving of notice or lapse of time or both, will be, in violation of or in default under its Charter or By-Laws or under any agreement, lease, contract, indenture or other instrument or obligation to which it is a party or by which it, or any of its properties, is bound and which default is of material significance in respect of the condition, financial or otherwise of the Company and its Subsidiaries taken as a whole or the business, management, properties, assets, rights, operations, condition (financial or otherwise) or prospects of the Company and the Subsidiaries taken as a whole. The execution and delivery of this Agreement and the consummation of the transactions herein contemplated and the fulfillment of the terms hereof will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any Subsidiary is a party, or of the Charter or By-Laws of the Company or any order, rule or regulation applicable to the Company or any Subsidiary of any court or of any regulatory body or administrative agency or other governmental body having jurisdiction.

(m) Each approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body necessary in connection with the execution and delivery by the Company of this Agreement and the consummation of the transactions herein contemplated (except such additional steps as may be required by the Commission, the National Association of Securities Dealers, Inc. (the "NASD") or such additional steps as may be necessary to qualify the Shares for public offering by the Underwriters under state securities or Blue Sky laws) has been obtained or made and is in full force and effect.

(n) The Company and each of the Subsidiaries holds all material licenses, certificates and permits from governmental authorities which are necessary to the conduct of their businesses; and neither the Company nor any of the Subsidiaries has infringed any patents, patent rights, trade names, trademarks or copyrights, which infringement is material to the business of the Company and the Subsidiaries taken as a whole. The Company knows of no material infringement by others of patents, patent rights, trade names, trademarks or copyrights owned by or licensed to the Company.

(o) Neither the Company, nor to the Company's knowledge, any of its affiliates, has taken or may take, directly or indirectly, any action designed to cause or result in, or which has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of the shares of Common Stock to facilitate the sale or resale of the Shares. The Company acknowledges that the Underwriters may engage in passive market making transactions in the Shares on The Nasdaq Stock Market in accordance with Regulation M under the Exchange Act.

(p) Neither the Company nor any Subsidiary is an "investment company" within the meaning of such term under the Investment Company Act of 1940, (as amended, the "1940 Act") and the rules and regulations of the Commission thereunder.

(q) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's

general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(r) The Company and each of its Subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as is adequate for the conduct of their respective businesses and the value of their respective properties and as is customary for companies engaged in similar industries.

(s) The Company is in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company would have any liability; the Company has not incurred and does not expect to incur liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan" or (ii) Sections 412 or 4971 of the Internal Revenue Code of 1986, as amended, including the regulations and published interpretations thereunder (the "Code"); and each "pension plan" for which the Company would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(t) To the Company's knowledge, there are no affiliations or associations between any member of the NASD and any of the Company's officers, directors or 5% or greater securityholders, except as set forth in the Registration Statement.

(u) No consent, approval, authorization or order of, or qualification with, any governmental body or agency, other than those obtained, is required in connection with the offering of the Directed Shares in any jurisdiction where the Directed Shares are being offered.

(v) The Company has not offered, or caused DBSI or its affiliates to offer, Shares to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company to alter the customer's or supplier's level or type of business with the Company, or (ii) a trade journalist or publication to write or publish favorable information about the Company or its products.

2. PURCHASE, SALE AND DELIVERY OF THE FIRM SHARES.

(a) On the basis of the representations, warranties and covenants herein contained, and subject to the conditions herein set forth, the Company agrees to sell to the Underwriters and each Underwriter agrees, severally and not jointly, to purchase, at a price of $_____ per share, the number of Firm Shares set forth opposite the name of each Underwriter in Schedule I hereof, subject to adjustments in accordance with Section 9 hereof.

(b) Payment for the Firm Shares to be sold hereunder is to be made in New York Clearing House funds by Federal (same day) against delivery of certificates therefor to the Representatives for the several accounts of the Underwriters. Such payment and delivery are to be made through the facilities of the Depository Trust Company, New York, New York at 10:00 a.m., New York time, on the third business day after the date of this Agreement or at such other time and date not later than five business days thereafter as you and the Company shall agree upon, such time and date being herein referred to as the "Closing Date." (As used herein, "business day" means a day on which the New York Stock Exchange is open for trading and on which banks in New York are open for business and are not permitted by law or executive order to be closed.)

(c) In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the several Underwriters to purchase the Option Shares at the price per share as set forth in the first paragraph of this Section 2. The option granted hereby may be exercised in whole or in part by giving written notice (i) at any time before the Closing Date and (ii) only once thereafter within 30 days after the date of this Agreement, by you, as Representatives of the several Underwriters, to the Company setting forth the number of Option Shares as to which the several Underwriters are exercising the option, the names and denominations in which the Option Shares are to be registered and the time and date at which such certificates are to be delivered. The time and date at which certificates for Option Shares are to be delivered shall be determined by the Representatives but shall not be earlier than three nor later than 10 full business days after the exercise of such option, nor in any event prior to the Closing Date (such time and date being herein referred to as the "Option Closing Date"). If the date of exercise of the option is three or more days before the Closing Date, the notice of exercise shall set the Closing Date as the Option Closing Date. The number of Option Shares to be purchased by each Underwriter shall be in the same proportion to the total number of Option Shares being purchased as the number of Firm Shares being purchased by such Underwriter bears to _____, adjusted by you in such manner as to avoid fractional shares. The option with respect to the Option Shares granted hereunder may be exercised only to cover over-allotments in the sale of the Firm Shares by the Underwriters. You, as Representatives of the several Underwriters, may cancel such option at any time prior to its expiration by giving written notice of such cancellation to the Company. To the extent, if any, that the option is exercised, payment for the Option Shares shall be made on the Option Closing Date in Federal (same day funds) through the facilities of the Depository Trust Company in New York, New York drawn to the order of the Company.

3. OFFERING BY THE UNDERWRITERS.

It is understood that the several Underwriters are to make a public offering of the Firm Shares as soon as the Representatives deem it advisable to do so. The Firm Shares are to be initially offered to the public at the initial public offering price set forth in the Prospectus. The Representatives may from time to time thereafter change the public offering price and other selling terms. To the extent, if at all, that any Option Shares are purchased pursuant to Section 2 hereof, the Underwriters will offer them to the public on the foregoing terms.

It is further understood that you will act as the Representatives for the Underwriters in the offering and sale of the Shares in accordance with a Master Agreement Among Underwriters entered into by you and the several other Underwriters.

4. COVENANTS OF THE COMPANY.

The Company covenants and agrees with the several Underwriters that:

(a) The Company will (A) use its best efforts to cause the Registration Statement to become effective or, if the procedure in Rule 430A of the Rules and Regulations is followed, to prepare and timely file with the Commission under Rule 424(b) of the Rules and Regulations a Prospectus in a form approved by the Representatives containing information previously omitted at the time of effectiveness of the Registration Statement in reliance on Rule 430A of the Rules and Regulations, and (B) not file any amendment to the Registration Statement or supplement to the Prospectus of which the Representatives shall not previously have been advised and furnished with a copy or to which the Representatives shall have reasonably objected in writing or which is not in compliance with the Rules and Regulations.

(b) The Company will advise the Representatives promptly (A) when the Registration Statement or any post-effective amendment thereto shall have become effective, (B) of receipt of any comments from the Commission, (C) of any request of the Commission for amendment of the Registration Statement or for supplement to the Prospectus or for any additional information, and (D) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the use of the Prospectus or of the institution of any proceedings for that purpose. The Company will use its best efforts to prevent the issuance of any such stop order preventing or suspending the use of the Prospectus and to obtain as soon as possible the lifting thereof, if issued.

(c) The Company will cooperate with the Representatives in endeavoring to qualify the Shares for sale under the securities laws of such jurisdictions as the Representatives may reasonably have designated in writing and will make such applications, file such documents, and furnish such information as may be reasonably required for that purpose, provided the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction where it is not now so qualified or required to file such a consent. The Company will, from time to time, prepare and file such statements, reports, and other documents, as are or may be required to continue such qualifications in effect for so long a period as the Representatives may reasonably request for distribution of the Shares.

(d) The Company will deliver to, or upon the order of, the Representatives, from time to time, as many copies of any Preliminary Prospectus as the Representatives may reasonably request. The Company will deliver to, or upon the order of, the Representatives during the period when delivery of a Prospectus is required under the Act, as many copies of the Prospectus in final form, or as thereafter amended or supplemented, as the Representatives may reasonably request. The Company will deliver to the Representatives at or before the Closing Date, four signed copies of the Registration Statement and all amendments thereto including all exhibits filed therewith, and will deliver to the Representatives such number of copies of the Registration Statement (including such

number of copies of the exhibits filed therewith that may reasonably be requested), and of all amendments thereto, as the Representatives may reasonably request.

(e) The Company will comply with the Act and the Rules and Regulations, and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Commission thereunder, so as to permit the completion of the distribution of the Shares as contemplated in this Agreement and the Prospectus. If during the period in which a prospectus is required by law to be delivered by an Underwriter or dealer, any event shall occur as a result of which, in the judgment of the Company or in the reasonable opinion of the Underwriters, it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances existing at the time the Prospectus is delivered to a purchaser, not misleading, or, if it is necessary at any time to amend or supplement the Prospectus to comply with any law, the Company promptly will prepare and file with the Commission an appropriate amendment to the Registration Statement or supplement to the Prospectus so that the Prospectus as so amended or supplemented will not, in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with the law.

(f) The Company will make generally available to its security holders, as soon as it is practicable to do so, but in any event not later than 15 months after the effective date of the Registration Statement, an earning statement (which need not be audited) in reasonable detail, covering a period of at least 12 consecutive months beginning after the effective date of the Registration Statement, which earning statement shall satisfy the requirements of Section 11(a) of the Act and Rule 158 of the Rules and Regulations and will advise you in writing when such statement has been so made available.

(g) Prior to the Closing Date, the Company will furnish to the Underwriters, as soon as they have been prepared by or are available to the Company, a copy of any unaudited interim financial statements of the Company for any period subsequent to the period covered by the most recent financial statements appearing in the Registration Statement and the Prospectus.

(h) No offering, sale, short sale or other disposition of any shares of Common Stock of the Company or other securities convertible into or exchangeable or exercisable for shares of Common Stock or derivative of Common Stock (or agreement for such) will be made for a period of 180 days after the date of this Agreement, directly or indirectly, by the Company otherwise than hereunder or with the prior written consent of DBSI.

(i) The Company will use its best efforts to list, subject to notice of issuance, the Shares on The Nasdaq Stock Market.

(j) The Company has caused each officer and director and stockholder of the Company to furnish to you, on or prior to the date of this agreement, a letter or letters, in form and substance satisfactory to the Underwriters, pursuant to which each such person shall agree not to offer, sell, sell short or otherwise dispose of any shares of Common Stock of the Company or other capital stock of the Company, or any other securities convertible, exchangeable or exercisable for Common Shares or derivative of Common Shares owned by such person or request the registration for the offer or sale of any of the foregoing (or as to which such person has the right to direct the

disposition of) for a period of 180 days after the date of this Agreement, directly or indirectly, except with the prior written consent of DBSI ("Lockup Agreements").

(k) The Company shall apply the net proceeds of its sale of the Shares as set forth in the Prospectus and shall file such reports with the Commission with respect to the sale of the Shares and the application of the proceeds therefrom as may be required in accordance with Rule 463 under the Act.

(l) The Company shall not invest, or otherwise use the proceeds received by the Company from its sale of the Shares in such a manner as would require the Company or any of the Subsidiaries to register as an investment company under the 1940 Act.

(m) The Company will maintain a transfer agent and, if necessary under the jurisdiction of incorporation of the Company, a registrar for the Common Stock.

(n) The Company will not take, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, the stabilization or manipulation of the price of any securities of the Company.

(o) To comply with all applicable securities and other applicable laws, rules and regulations in each jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

5. COSTS AND EXPENSES.

The Company will pay all costs, expenses and fees incident to the performance of the obligations of the Company under this Agreement, including, without limiting the generality of the foregoing, the following: accounting fees of the Company; the fees and disbursements of counsel for the Company; the cost of printing and delivering to, or as requested by, the Underwriters copies of the Registration Statement, Preliminary Prospectuses, the Prospectus, this Agreement, the Underwriters' Selling Memorandum, the Underwriters' Invitation Letter, the Listing Application, the Blue Sky Survey and any supplements or amendments thereto; the filing fees of the Commission; the filing fees and expenses (including legal fees and disbursements) incident to securing any required review by the NASD of the terms of the sale of the Shares; the Listing Fee of The Nasdaq Stock Market; and the expenses, including the fees and disbursements of counsel for the Underwriters, incurred in connection with the qualification of the Shares under State securities or Blue Sky laws. The Company agrees to pay all costs and expenses of the Underwriters, including the fees and disbursements of counsel for the Underwriters, incident to the offer and sale of directed shares of the Common Stock by the Underwriters to employees and persons having business relationships with the Company and its Subsidiaries. The Company shall not, however, be required to pay for any of the Underwriters expenses (other than those related to qualification under NASD regulation and State securities or Blue Sky laws) except that, if this Agreement shall not be consummated because the conditions in Section 6 hereof are not satisfied, or because this Agreement is terminated by the Representatives pursuant to Section 11 hereof, or by reason of any failure, refusal or inability on the part of the Company to perform any undertaking or satisfy any condition of this Agreement or to comply with any of the terms hereof on its part to be performed, unless such

failure to satisfy said condition or to comply with said terms be due to the default or omission of any Underwriter, then the Company shall reimburse the several Underwriters for reasonable out-of-pocket expenses, including fees and disbursements of counsel, reasonably incurred in connection with investigating, marketing and proposing to market the Shares or in contemplation of performing their obligations hereunder; but the Company shall not in any event be liable to any of the several Underwriters for damages on account of loss of anticipated profits from the sale by them of the Shares.

6. CONDITIONS OF OBLIGATIONS OF THE UNDERWRITERS.

The several obligations of the Underwriters to purchase the Firm Shares on the Closing Date and the Option Shares, if any, on the Option Closing Date are subject to the accuracy, as of the Closing Date or the Option Closing Date, as the case may be, of the representations and warranties of the Company contained herein, and to the performance by the Company of its covenants and obligations hereunder and to the following additional conditions:

(a) The Registration Statement and all post-effective amendments thereto shall have become effective and any and all filings required by Rule 424 and Rule 430A of the Rules and Regulations shall have been made, and any request of the Commission for additional information (to be included in the Registration Statement or otherwise) shall have been disclosed to the Representatives and complied with to their reasonable satisfaction. No stop order suspending the effectiveness of the Registration Statement, as amended from time to time, shall have been issued and no proceedings for that purpose shall have been taken or, to the knowledge of the Company, shall be contemplated by the Commission and no injunction, restraining order, or order of any nature by a Federal or state court of competent jurisdiction shall have been issued as of the Closing Date which would prevent the issuance of the Shares.

(b) The Representatives shall have received on the Closing Date or the Option Closing Date, as the case may be, the opinion of Brobeck, Phleger & Harrison LLP, counsel for the Company, dated the Closing Date or the Option Closing Date, as the case may be, addressed to the Underwriters (and stating that it may be relied upon by counsel to the Underwriters) to the effect that:

(i) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement; each of the Subsidiaries has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement; the Company and each of the Subsidiaries are duly qualified to transact business in all jurisdictions in which the conduct of their business requires such qualification, or in which the failure to qualify would have a materially adverse effect upon the business of the Company and the Subsidiaries taken as a whole; and the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable and are owned by the Company or a Subsidiary; and, to the best of such counsel's knowledge, the outstanding shares of capital stock of each of the Subsidiaries is owned free and clear of all liens, encumbrances and

equities and claims, and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligations into any shares of capital stock or of ownership interests in the Subsidiaries are outstanding.

(ii) The Company has authorized and outstanding capital stock as set forth under the caption "Capitalization" in the Prospectus; the authorized shares of the Company's Common Stock have been duly authorized; the outstanding shares of the Company's Common Stock have been duly authorized and validly issued and are fully paid and non-assessable; all of the Shares conform to the description thereof contained in the Prospectus; the certificates for the Shares, assuming they are in the form filed with the Commission, are in due and proper form; the shares of Common Stock, including the Option Shares, if any, to be sold by the Company pursuant to this Agreement have been duly authorized and will be validly issued, fully paid and non-assessable when issued and paid for as contemplated by this Agreement; and no preemptive rights of stockholders exist with respect to any of the Shares or the issue or sale thereof.

(iii) Except as described in or contemplated by the Prospectus, to the knowledge of such counsel, there are no outstanding securities of the Company convertible or exchangeable into or evidencing the right to purchase or subscribe for any shares of capital stock of the Company and there are no outstanding or authorized options, warrants or rights of any character obligating the Company to issue any shares of its capital stock or any securities convertible or exchangeable into or evidencing the right to purchase or subscribe for any shares of such stock; and except as described in the Prospectus, to the knowledge of such counsel, no holder of any securities of the Company or any other person has the right, contractual or otherwise, which has not been satisfied or effectively waived, to cause the Company to sell or otherwise issue to them, or to permit them to underwrite the sale of, any of the Shares or the right to have any Common Shares or other securities of the Company included in the Registration Statement or the right, as a result of the filing of the Registration Statement, to require registration under the Act of any shares of Common Stock or other securities of the Company.

(iv) The Registration Statement has become effective under the Act and, to the best of the knowledge of such counsel, no stop order proceedings with respect thereto have been instituted or are pending or threatened under the Act.

(v) The Registration Statement, the Prospectus and each amendment or supplement thereto comply as to form in all material respects with the requirements of the Act and the applicable rules and regulations thereunder (except that such counsel need express no opinion as to the financial statements and related schedules therein).

(vi) The statements under the captions "Description of Capital Stock" and "Shares Eligible for Future Sale" in the Prospectus, insofar as such statements constitute a summary of documents referred to therein or matters of law, fairly summarize in all material respects the information called for with respect to such documents and matters.

(vii) Such counsel does not know of any contracts or documents required to be filed as exhibits to the Registration Statement or described in the Registration Statement or the Prospectus which are not so filed or described as required, and such contracts and documents as are summarized in the Registration Statement or the Prospectus are fairly summarized in all material respects.

(viii) Such counsel knows of no material legal or governmental proceedings pending or threatened against the Company or any of the Subsidiaries except as set forth in the Prospectus.

(ix) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated do not and will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the Charter or By-Laws of the Company, or any agreement or instrument known to such counsel to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries may be bound.

(x) This Agreement has been duly authorized, executed and delivered by the Company.

(xi) No approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body is necessary in connection with the execution and delivery of this Agreement and the consummation of the transactions herein contemplated (other than as may be required by the NASD or as required by State securities and Blue Sky laws as to which such counsel need express no opinion) except such as have been obtained or made, specifying the same.

(xii) The Company is not, and will not become, as a result of the consummation of the transactions contemplated by this Agreement, and application of the net proceeds therefrom as described in the Prospectus, required to register as an investment company under the 1940 Act.

In rendering such opinion, Brobeck, Phleger & Harrison LLP may rely as to matters governed by the laws of states other than California or Federal laws on local counsel in such jurisdictions, provided that in each case Brobeck, Phleger & Harrison LLP shall state that they believe that they and the Underwriters are justified in relying on such other counsel. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads them to believe that (i) the Registration Statement, at the time it became effective under the Act (but after giving effect to any modifications incorporated therein pursuant to Rule 430A under the Act) and as of the Closing Date or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) the Prospectus, or any supplement thereto, on the date it was filed pursuant to the Rules and Regulations and as of the Closing Date or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements, in the light of the circumstances under which they are made, not misleading (except that such counsel need express no view as to financial statements, schedules and statistical information therein). With respect to such statement, Brobeck, Phleger & Harrison LLP may state that their belief is based upon the procedures set forth therein, but is without independent check and verification.

(c) The Representatives shall have received from Wilson Sonsini Goodrich & Rosati, Professional Corporation ("Wilson Sonsini"), counsel for the Underwriters, an opinion dated the Closing Date or the Option Closing Date, as the case may be, substantially to the effect specified in subparagraphs (ii), (iii), (iv), (ix) and (xi) of Paragraph (b) of this Section 6, and that the Company is a duly organized and validly existing corporation under the laws of the State of Delaware. In rendering such opinion Wilson Sonsini may rely as to all matters governed other than by the laws of the State of California or Federal laws on the opinion of counsel referred to in Paragraph (b) of this Section 6. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads them to believe that (i) the Registration Statement, or any amendment thereto, as of the time it became effective under the Act (but after giving effect to any modifications incorporated therein pursuant to Rule 430A under the Act) as of the Closing Date or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) the Prospectus, or any supplement thereto, on the date it was filed pursuant to the Rules and Regulations and as of the Closing Date or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact, necessary in order to make the statements, in the light of the circumstances under which they are made, not misleading (except that such counsel need express no view as to financial statements, schedules and statistical information therein). With respect to such statement, Wilson Sonsini may state that their belief is based upon the procedures set forth therein, but is without independent check and verification.

(d) The Representatives shall have received at or prior to the Closing Date from Wilson Sonsini a memorandum or summary, in form and substance satisfactory to the Representatives, with respect to the qualification for offering and sale by the Underwriters of the Shares under the State securities or Blue Sky laws of such jurisdictions as the Representatives may reasonably have designated to the Company.

(e) You shall have received, on each of the dates hereof, the Closing Date and the Option Closing Date, as the case may be, a letter dated the date hereof, the Closing Date or the Option Closing Date, as the case may be, in form and substance satisfactory to you, of PricewaterhouseCoopers, LLP confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating that in their opinion the financial statements and schedules examined by them and included in the Registration Statement comply in form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations; and containing such other statements and information as is ordinarily included in accountants' "comfort letters" to Underwriters with respect to the financial statements and certain financial and statistical information contained in the Registration Statement and Prospectus.

(f) The Representatives shall have received on the Closing Date or the Option Closing Date, as the case may be, a certificate or certificates of the Chief Executive Officer and the Chief Financial Officer of the Company to the effect that, as of the Closing Date or the Option Closing Date, as the case may be, each of them severally represents as follows:

(i) The Registration Statement has become effective under the Act and no stop order suspending the effectiveness of the Registration Statement has been issued, and no proceedings for such purpose have been taken or are, to his knowledge, contemplated by the Commission;

(ii) The representations and warranties of the Company contained in Section 1 hereof are true and correct as of the Closing Date or the Option Closing Date, as the case may be;

(iii) All filings required to have been made pursuant to Rules 424 or 430A under the Act have been made;

(iv) He or she has carefully examined the Registration Statement and the Prospectus and, in his or her opinion, as of the effective date of the Registration Statement, the statements contained in the Registration Statement were true and correct, and such Registration Statement and Prospectus did not omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and since the effective date of the Registration Statement, no event has occurred which should have been set forth in a supplement to or an amendment of the Prospectus which has not been so set forth in such supplement or amendment; and

(v) Since the respective dates as of which information is given in the Registration Statement and Prospectus, there has not been any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole or the earnings, business, management, properties, assets, rights, operations, condition (financial or otherwise) or prospects of the Company and the Subsidiaries taken as a whole, whether or not arising in the ordinary course of business.

(g) The Company shall have furnished to the Representatives such further certificates and documents confirming the representations and warranties, covenants and conditions contained herein and related matters as the Representatives may reasonably have requested.

(h) The Firm Shares and Option Shares, if any, have been approved for designation upon notice of issuance on the Nasdaq Stock Market.

(i) The Lockup Agreements described in Section 4(j) are in full force and effect.

The opinions and certificates mentioned in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in all material respects satisfactory to the Representatives and to Wilson Sonsini, counsel for the Underwriters.

If any of the conditions hereinabove provided for in this Section 6 shall not have been fulfilled when and as required by this Agreement to be fulfilled, the obligations of the Underwriters hereunder may be terminated by the Representatives by notifying the Company of such termination in writing or by telegram at or prior to the Closing Date or the Option Closing Date, as the case may be.

In such event, the Company and the Underwriters shall not be under any obligation to each other (except to the extent provided in Sections 5 and 8 hereof).

7. CONDITIONS OF THE OBLIGATIONS OF THE COMPANY.

The obligations of the Company to sell and deliver the portion of the Shares required to be delivered as and when specified in this Agreement are subject to the conditions that at the Closing Date or the Option Closing Date, as the case may be, no stop order suspending the effectiveness of the Registration Statement shall have been issued and in effect or proceedings therefor initiated or threatened.

8. INDEMNIFICATION.

(a) The Company agrees:

(1) to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act, against any losses, claims, damages or liabilities to which such Underwriter or any such controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading any act or failure to act, or (iii) any alleged act or failure to act by any Underwriter in connection with, or relating in any manner to, the Shares or the offering contemplated hereby, and which is included as part of or referred to in any loss, claim, damage, liability or action arising out of or based upon matters covered by clause (i) or (ii) above (provided, that the Company shall not be liable under this clause (iii) to the extent that it is determined in a final judgment by a court of competent jurisdiction that such loss, claim, damage, liability or action resulted directly from any such acts or failures to act undertaken or omitted to be taken by such Underwriter through its gross negligence or willful misconduct); provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement, or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Prospectus, or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by or through the Representatives specifically for use in the preparation thereof. The Company also agrees to indemnify and hold harmless DBSI and each person, if any, who controls DBSI within the meaning of either Section 15 of the Act, or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, liabilities and judgments incurred as a result of DBSI's participation as a "qualified independent underwriter" within the meaning of Rule 2720 of the National Association of Securities Dealers' Conduct Rules in connection with the offering of the Shares, except for any losses, claims, damages, liabilities and judgments resulting from DBSI's or such controlling person's willful misconduct.

(2) to reimburse each Underwriter and each such controlling person upon demand for any legal or other out-of-pocket expenses reasonably incurred by such

Underwriter or such controlling person in connection with investigating or defending any such loss, claim, damage or liability, action or proceeding or in responding to a subpoena or governmental inquiry related to the offering of the Shares, whether or not such Underwriter or controlling person is a party to any action or proceeding. In the event that it is finally judicially determined that the Underwriters were not entitled to receive payments for legal and other expenses pursuant to this subparagraph, the Underwriters will promptly return all sums that had been advanced pursuant hereto.

(b) Each Underwriter severally and not jointly will indemnify and hold harmless the Company, each of its directors, each of its officers who have signed the Registration Statement, and each person, if any, who controls the Company within the meaning of the Act, against any losses, claims, damages or liabilities to which the Company or any such director, officer, or controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or (ii) the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made; and will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, or controlling person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that each Underwriter will be liable in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission has been made in the Registration Statement, any Preliminary Prospectus, the Prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by or through the Representatives specifically for use in the preparation thereof. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to this Section 8, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing. No indemnification provided for in Section 8(a) or (b) shall be available to any party who shall fail to give notice as provided in this Section 8(c) if the party to whom notice was not given was unaware of the proceeding to which such notice would have related and was materially prejudiced by the failure to give such notice, but the failure to give such notice shall not relieve the indemnifying party or parties from any liability which it or they may have to the indemnified party for contribution or otherwise than on account of the provisions of Section 8(a) or (b). In case any such proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party shall pay as incurred the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party

shall have the right to retain its own counsel at its own expense. Notwithstanding the foregoing, the indemnifying party shall pay as incurred (or within 30 days of presentation) the fees and expenses of the counsel retained by the indemnified party in the event (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel, (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or (iii) the indemnifying party shall have failed to assume the defense and employ counsel acceptable to the indemnified party within a reasonable period of time after notice of commencement of the action. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm for all such indemnified parties. Such firm shall be designated in writing by you in the case of parties indemnified pursuant to Section 8(a) and by the Company in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. In addition, the indemnifying party will not, without the prior written consent of the indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding of which indemnification may be sought hereunder (whether or not any indemnified party is an actual or potential party to such claim, action or proceeding) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action or proceeding.

(d) The Company and each subsidiary of the Company, whether direct or indirect, jointly and severally, agree to indemnify and hold harmless DBSI and its affiliates and each person, if any, who controls DBSI or its affiliates within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (i) caused by any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company for distribution to Participants in connection with the Directed Share Program, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) caused by the failure of any Participant to pay for and accept delivery of Directed Shares that the Participant has agreed to purchase; or (iii) related to, arising out of, or in connection with the Directed Share Program other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of DBSI.

(e) To the extent the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under Section 8(a) or (b) above in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in

connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 8(e) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 8(e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to above in this Section 8(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (e), (i) no Underwriter shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Shares purchased by such Underwriter, and (ii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this Section 8(e) to contribute are several in proportion to their respective underwriting obligations and not joint.

(f) In any proceeding relating to the Registration Statement, any Preliminary Prospectus, the Prospectus or any supplement or amendment thereto, each party against whom contribution may be sought under this Section 8 hereby consents to the jurisdiction of any court having jurisdiction over any other contributing party, agrees that process issuing from such court may be served upon him or it by any other contributing party and consents to the service of such process and agrees that any other contributing party may join him or it as an additional defendant in any such proceeding in which such other contributing party is a party.

(g) Any losses, claims, damages, liabilities or expenses for which an indemnified party is entitled to indemnification or contribution under this Section 8 shall be paid by the indemnifying party to the indemnified party as such losses, claims, damages, liabilities or expenses are incurred. The indemnity and contribution agreements contained in this Section 8 and the representations and warranties of the Company set forth in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter, the Company, its directors or officers or any persons controlling the Company, (ii) acceptance of any Shares and payment therefor hereunder, and (iii) any termination of this Agreement. A successor to any Underwriter, or to the Company, its directors or officers, or any person controlling the Company, shall be entitled to the benefits of the indemnity, contribution and reimbursement agreements contained in this Section 8.

9. DEFAULT BY UNDERWRITERS.

If on the Closing Date or the Option Closing Date, as the case may be, any Underwriter shall fail to purchase and pay for the portion of the Shares which such Underwriter has agreed to purchase and pay for on such date (otherwise than by reason of any default on the part of the Company), you, as Representatives of the Underwriters, shall use your reasonable efforts to procure within 36 hours thereafter one or more of the other Underwriters, or any others, to purchase from the Company such amounts as may be agreed upon and upon the terms set forth herein, the Firm Shares or Option Shares, as the case may be, which the defaulting Underwriter or Underwriters failed to purchase. If during such 36 hours you, as such Representatives, shall not have procured such other Underwriters, or any others, to purchase the Firm Shares or Option Shares, as the case may be, agreed to be purchased by the defaulting Underwriter or Underwriters, then (a) if the aggregate number of shares with respect to which such default shall occur does not exceed 10% of the Firm Shares or Option Shares, as the case may be, covered hereby, the other Underwriters shall be obligated, severally, in proportion to the respective numbers of Firm Shares or Option Shares, as the case may be, which they are obligated to purchase hereunder, to purchase the Firm Shares or Option Shares, as the case may be, which such defaulting Underwriter or Underwriters failed to purchase, or (b) if the aggregate number of shares of Firm Shares or Option Shares, as the case may be, with respect to which such default shall occur exceeds 10% of the Firm Shares or Option Shares, as the case may be, covered hereby, the Company or you as the Representatives of the Underwriters will have the right, by written notice given within the next 36-hour period to the parties to this Agreement, to terminate this Agreement without liability on the part of the non-defaulting Underwriters or of the Company except to the extent provided in Section 8 hereof. In the event of a default by any Underwriter or Underwriters, as set forth in this Section 9, the Closing Date or Option Closing Date, as the case may be, may be postponed for such period, not exceeding seven days, as you, as Representatives, may determine in order that the required changes in the Registration Statement or in the Prospectus or in any other documents or arrangements may be effected. The term "Underwriter" includes any person substituted for a defaulting Underwriter. Any action taken under this Section 9 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

10. NOTICES.

All communications hereunder shall be in writing and, except as otherwise provided herein, will be mailed, delivered, telecopied or telegraphed and confirmed as follows:

if to the Underwriters, to:

Deutsche Bank Securities Inc.
One South Street
Baltimore, Maryland 21202
Attention:_____

with a copy to:

Deutsche Bank Securities Inc.
31 West 52nd Street
New York, New York 10019
Attention: General Counsel

if to the Company, to:

Align Technologies, Inc.
442 Potrero Avenue
Sunnyvale, California 94086
Attention: Zia Chisti

with a copy to:

Brobeck, Phleger & Harrison LLP,
One Market, Spear Street Tower
San Francisco, California 94105
Attention: John W. Larson, Esq.

11. TERMINATION.

(a) This Agreement may be terminated by you by notice to the Company at any time prior to the Closing Date if any of the following has occurred: (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole or the earnings, business, management, properties, assets, rights, operations, condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole, whether or not arising in the ordinary course of business, (ii) any outbreak or escalation of hostilities or declaration of war or national emergency or other national or international calamity or crisis or change in economic or political conditions if the effect of such outbreak, escalation, declaration, emergency, calamity, crisis or change on the financial markets of the United States would, in your reasonable judgment, make it impracticable or inadvisable to market the Shares or to enforce contracts for the sale of the Shares, or (iii) suspension of trading in securities generally on the New York Stock Exchange or the American Stock Exchange or limitation on prices (other than limitations on hours or numbers of days of trading) for securities on either such Exchange, (iv) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority which in your opinion materially and adversely affects or may materially and adversely affect the business or operations of the Company, (v) declaration of a banking moratorium by United States or New York State authorities, (vi) any downgrading, or placement on any watch list for possible downgrading, in the rating of the Company's debt securities by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Exchange Act); (vii) the suspension of trading of the Company's Common Stock by The Nasdaq Stock Market, the Commission, or any other governmental authority or, (viii) the taking of any action by any

governmental body or agency in respect of its monetary or fiscal affairs which in your reasonable opinion has a material adverse effect on the securities markets in the United States; or

(b) as provided in Sections 6 and 9 of this Agreement.

12. SUCCESSORS.

This Agreement has been and is made solely for the benefit of the Underwriters and the Company and their respective successors, executors, administrators, heirs and assigns, and the officers, directors and controlling persons referred to herein, and no other person will have any right or obligation hereunder. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign merely because of such purchase.

13. INFORMATION PROVIDED BY UNDERWRITERS.

The Company and the Underwriters acknowledge and agree that the only information furnished or to be furnished by any Underwriter to the Company for inclusion in any Prospectus or the Registration Statement consists of the information set forth in the last paragraph on the front cover page (insofar as such information relates to the Underwriters), legends required by Item 502(d) of Regulation S-K under the Act and the information under the caption "Underwriting" in the Prospectus.

14. MISCELLANEOUS.

The reimbursement, indemnification and contribution agreements contained in this Agreement and the representations, warranties and covenants in this Agreement shall remain in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of any Underwriter or controlling person thereof, or by or on behalf of the Company or its directors or officers and (c) delivery of and payment for the Shares under this Agreement.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

If the foregoing letter is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicates hereof, whereupon it will become a binding agreement among the Company and the several Underwriters in accordance with its terms.

Very truly yours,

ALIGN TECHNOLOGY, INC.

By:

Zia Chisti, Chief Executive Officer

The foregoing Underwriting Agreement
is hereby confirmed and accepted as
of the date first above written.

DEUTSCHE BANK SECURITIES INC.
BEAR STEARNS & CO. INC.
J.P. MORGAN & CO., INC.
FLEETBOSTON ROBERTSON STEPHENS INC.

As Representatives of the several
Underwriters listed on Schedule I

By: Deutsche Bank Securities, Inc.

By:

Authorized Officer

SCHEDULE I

Schedule of Underwriters

Underwriter	Number of Firm Shares To Be Purchased
Deutsche Bank Securities, Inc.	
Bear Stearns & Co. Inc.	
J.P. Morgan & Co. Inc.	
FleetBoston Robertson Stephens Inc.	
Total	

EXHIBIT 10.3

LEAVE & LICENCE AGREEMENT

THIS LEAVE & LICENCE AGREEMENT is made here at the Pearl Continental Hotel, Lahore, on this day of January 26th, 2000.

BETWEEN

MESSRS. PAKISTAN SERVICES LIMITED, through its Director having its registered office at Pearl Continental hotel Building, Club Road, Karachi, (hereinafter referred to as " the Licensor"), of the One Part,

AND

M/S. Align Technology Pakistan through its Country Manager, Ioannis Demetriades, having its registered office at Pavillion #44, Pearl Continental Hotel, (hereinafter referred to as "the Licensee") of the Other Part.

WHEREAS the Licensor is the owner of Pearl Continental Hotel, Lahore, (hereinafter referred to as "the Hotel") situated on plat of land, bearing City Survey No. S-19-R-122, Shahrah-e-Quaid-e-Azam, Lahore.

AND WHEREAS the said Licensor for the benefit, comfort and convenience of its guests, passengers and visitors has decided to grant licence to the Licensee for the use and occupation of Shop No. 37-38-39-40-41-42-43-44-45-46-47-58-59-60-61-62 & 63 measuring approx. 5413.35 square feet at Pearl Continental Hotel, Lahore, within the hotel premises on such terms and subject to such conditions as are given hereunder.

AND WHEREAS the Licensee is desirous of and has agreed to avail of the licence and to being allowed the privilege of using Shop No. 37-38-39-40-41-42-43-44-45-46-47-58-59-60-61-62 & 63 measuring approx. 5413.35 square feet on the terms and conditions appearing here in below.

AND WHEREAS the Licensee has also expressly stated and does hereby expressly state that Licensee in its turn has no intention, whatsoever, to become a tenant of the said premises.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH as follows:

1. Period of Agreement:

   The Licensee, under this Agreement, shall have the leave and license to use Shop No. 37-38-39-40-41-42-43-44-45-46-47-58-59-60-61-62 & 63 measuring 5413.35 square feet, belonging to and in the possession of the Licensor, for a period of Three (3) years i.e. from 01.01.2000 to 31.12.2002. This agreement will further be extended for two years subject to revision of the terms.

2. Licence fee plus amenities charges:

   i) Licence Fee

      The licence fee shall be at the rate of Rs. 5/= per sq. ft. per month amounting to Rs. 27067(Rupees Twenty seven thousand sixty seven only) per month plus Central, Provincial and local Government duties thereon which at present is 22.5% amounting to Rs. 6090 (Rupees six thousand & ninty only) per month for the LEAVE & LICENCE to use the said premises. This license fee is payable in advance every month during the validity of this agreement,

   ii) Amenities Charges:

      a) The amenities, being air-conditioning, heating ventilation, electric supply and installations, chemically treated cold water supply for drinking purposes, sanitation and telephone installation, being in the exclusive control of the Hotel Management, may be used by the Licensee subject to the permission for use thereof being given the Licensor and further subject to such terms and conditions as may be proposed by the Licensor in this regard.

b) For the amenities provided as referred to (ii) (a) above, the Licensee shall pay Rs. 243601 (Rupees Two Lakh forty three thousand six hundred and one only) per month @ Rs. 45/- per sq. ft. per month PLUS Central, Provincial & Local government duties which at present is 22.5% amounting to Rs. 54810/= (Rupees Fifty four thousand eight hundred and ten only) thereon. These charges are payable in advance every month during the validity of this agreement.

c) The telephone calls charges and electricity consumption charges shall be paid separately by the Licensee which are not included in 2(i) and 2(ii)(b) above. However, telephone calls from the Hotel/s Exchange would be paid at the Hotel's prescribed rate on daily basis while the electricity consumption charges shall be paid in accordance with the sub-meter reading on monthly basis.

iii) Undertaking:

The Licensee hereby undertakes to pay to the Licensor in advance the monthly licence fee as well as the monthly payment for amenities together with Government Duties thereon referred to as 2(i) and 2(ii)(b) above respectively amounting to Rs. 3,31,568/= (Rupees Three lakh thirty one thousand five hundred sixty eight only) for the period of Agreement through post dated cheques.

3. Cost escalation on account of rates. duties and taxes:

That if, during the period of continuance of this Agreement, there is any further cost escalation on account of any additional levy of the rates, duties and taxes on the premises/arcade and /or on the utilities and amenities by the Government-Federal/Provincial and /or the Local Bodies, the Licensee shall pay the same to the Licensor in proportion to the area of the premises licensed to the Licensee.

4. Validity of Licence Agreement:

This Agreement shall cease to be of any legal force or effect on 31.12.2002. Should the Licensee desire a renewal of this Licence Agreement, a written request to that effect may be made by the Licensee to the Licensor at least 30 days prior to the said date of 31.12.2002 whereafter the parties hereto may agree to such renewal terms and conditions by or before the said date of expiry. A fresh Licence Agreement shall be signed between the parties for any renewed period *of Leave and Licence to occupy and use the said premises, which may be granted by the Licensor to the Licensee.

5. Expiry of Licence:

In case no request for renewal is received under clause A above and/or no Agreement is reached regarding the terms and conditions of such renewal by or before the date of expiry of this Agreement, the Licensee shall, on the day after the said date of expiry, or such further period as may be allowed by the Licensor for this purpose, remove his employees and property belonging to him and hand over the said premises to the Licensor in the same good condition in which it was at the time of signing of this Agreement, reasonable wear and tear expected.

6. Licensor rights and liabilities:

i) Licensor may from time to time appoint any of its officers and employees or any other person to exercise proper control or take necessary action for compliance of any or all the terms and conditions of these presents and until otherwise communicated in writing by the Licensor, the General Manager of the Hotel shall be such person.

ii) Repair and rectification:

The Licensor shall carry out normal repairs including replacement of electrical fittings and shall remedy any defect or leakage within a month of the notice given by the Licensee. If the Licensor fails to provide remedy for defects or leakage within a month, the Licensee can utilize, at its own initiative, third party services

to carry out the required job. The licensee needs to notify the Licensor prior to the utilization of third-party services. If the Licensor fails to provide remedy for defects or leakage within a month, the Licensee does not require the approval of the Licensor to invite the utilization of third-party services. However, the third-party service needs to co-ordinate with the Hotel Maintenance staff prior to the utilization of the third-party services, The Licensor will be responsible for bearing the cost of the third-party services.

iii) Licensor's rights and liabilities:

The Licensor may carry out any work to maintain, repair, alter, reduce or extend the common areas of the center without any prior approval/notice to the Licensor. In the event that the business operations of the Licensee are directly adjacent to and affected by the work to maintain, repair, alter reduce or extend the common areas of the center, prior notice should be given to the Licensee. The Licensor and Licensee should then co-ordinate as to how and when the work is going to be carried out.

iv) Notice of proposed works:

If the Licensor proposes to refurbish, redevelop or extend the center or any part of it, and work cannot be carried out practically without vacant possession of the premises, the Licensor may give not less than two months' notice ("relocation notice") to the Licensee giving details of proposed work and requiring him to move to alternative premises in the center.

v) Offer of alternative premises:

In the relocation notice, the Licensor must offer the Licensee a new licence agreement of the alternative premises at the same licence fee on the same terms and conditions as this, licence agreement except that the terms of new licence, agreement will be for the remainder of the terms of this agreement.

vi) Acceptance of termination:

Within one month after relocation notice is given to him, the Licensee may give a written notice to the Licensor (Termination Notice) in which case this agreement ends three months after the relocation was given unless the parties agree that it is to end at some other time. If the Licensee does not give a termination notice, the Licensee will be taken to have accepted the offer of new licence agreement or alternative premises unless the parties ,have agreed on same other conditions.

vii) Lock and key:

The premises shall remain in possession of the Licensor who will always be entitled to put its own lock in the said premises but shall give a duplicate key to the Licensee for the use of the premises by the Licensee. The Licensor shall in no case held responsible for any theft committed in the premises in any view of the matter whatsoever.

viii) Lien

The Licensor shall have a lien on all belongings and properties of the Licensee for the time being, in or upon the premises of the Licensor.

ix) Rights of revoking licence:

The Licensor reserves the rights to revoke the licence agreement in the event of any breach of the terms and conditions of the licence agreements by the Licensee. The Licensee will be given three-months notice to vacate the said premises.

7. Licensee's rights and liabilities:

i) Scope of business:

The Licensee hereby undertakes to utilize the said premises for carrying on the business of Computer Software Development and Computer Image Processing in the name and style of "Align Technology Pakistan" and/or such other business as the Licensor may, upon a written request to that effect being made from the Licensee's side, allow the later in writing to carry on at the said premises considering the decorum of the Hotel.

ii) Prohibition for use of premises other than the business allowed:

The Licensee shall not use the said premises for any purpose other than that for which the licence is granted, as aforesaid, nor shall the Licensee use the said premises in a manner as to cause damage to the structure or any internal or external part thereof and/or inconvenience, annoyance or nuisance to the guests, passengers and visitors as well as Licensor and his employees.

iii) Trading hours.

The Licensee shall observe and carry on its business on timing as determined from time to time by the Licensor.

The Licensee must:

a) Keep the premises open for the care taking of the house.

b) Obtain the Licensor's consent before opening the premises outside those hours.

c) Pay its share of Licensor's costs of opening and operating the center outside those hours: and

d) Pay to the Licensor's liquidated damages of Rs. 1,000/-(Rupees one thousand only) per working hour.

iv) Discipline:

The Licensee must not do anything, which is or may cause a nuisance, inconvenience or annoyance to the guests, passengers, visitors, landlord and other people on the center.

The Licensee must not use any sound or light equipment which may be hard or seen outside the premises and which, in the Licensor's opinion, may cause a nuisance. Should the question arise as to whether the Licensee is causing such inconvenience, annoyance or nuisance, the matter shall be referred to the General Manager of the Hotel whose decision shall be final and binding on the Licensee.

v) Use of common areas:

a) The Licensee may use the common areas along with other Licensees in the center.

b) The Licensee, his employees and staff must not use the common areas designated for the Hotel staff.

vi) Rules:

The Licensee must comply with rules. The Licensor may vary the rules at any time, so long as they are not inconsistent with the licence agreement.

vii) Insurance:

The Licensor shall not be liable for any accidental damage or injury inside the said premises which may happen by reason of breakage or want of repair of any part of the said Premises or any cause whatsoever except if it is caused by the negligence or willful misconduct of the Licensor, its employees or agents. The Licensee shall indemnify the Licensor against all claims or liabilities in respect of personal injury which may at any time or times during the continuance of this licence, be caused in the said premises to any guest, passenger, visitor, customer, guest & employee of the hotel, Licensor, and / or costs incurred for defending any action or proceedings and/or contesting, defending or securing such claims except if it is caused by the negligence or willful misconduct of the Licensor, -its employees or its agents. The Licensee shall produce immediately on signing of this agreement a copy of insurance coverage under Third Party Legal Liability Policy obtained by the Licensee. A certificate be given by the Licensee to the Licensor in this respect. Non submission of insurance coverage and certificate there of will tantamount to Licensee's consent to cancel the Licence.

viii) Alteration:

The Licensee shall not make any alteration in the said premises without first obtaining the permission of the Licensor in writing.

ix) Sub-Licensing:

The Licensee shall not sub-licence the said premises or any part thereof to anybody else under any circumstances.

x) Government dues to be paid within due date:

The Licensee shall pay in time and within due date to the appropriate person or authority all cusses, rates, charges, fees, duties and taxes in respect of the business conducted by the Licensee in the said premises.

xi) Binding on Licensee's employees:

Employees that are hired by the Licensee shall conform to the rules and regulations governing the conduct of the staff of the Hotel.

xii) Prohibition for cooking and heating:

The Licensee shall not do any cooking or heating through the use of electrical appliances, gas or oil stoves or otherwise, without the consent of the Licensor.

xiii) Decoration:

The Licensee shall decorate the premises according to the standard and designs laid down by the Licensor, and such decoration shall not be beyond 10% of the total wall and ceiling areas if inflammable material like wood, straw matting polystyrene, etc. are used in decorating the premises. All such plans to be submitted to the Licensor for its approval.

xiv) Indemnity:

The Licensee does, hereby agree to indemnify the Licensor and save it harmless from all claims, demands, damages, costs, actions and charges to which the Licensor may become subject or it may have to pay or be held liable, therefore by reason of any injury to person, reputation or property suffered or sustained by any agent, employee, guest and passenger or visitor of the Licensor arising out of any activity or negligence or omission of the Licensee, its agent or employees.

xv) Notice period for terminating the agreement:

This agreement may be terminated by the Licensee at any time during its validity and subsistence by giving the Licensor three month's written notice of his intention to that effect. The provisions of paragraph 5 above shall mutates mutandis apply to such termination of this agreement by the Licensee. The Licensor shall refund the unutilised portion of advance licence fee and amenities charges received under clause 2 of this agreement after deducting three months' notice period Licence fee, amenities charges, duties and taxes etc. and any other amount due to Licensor under this agreement.

xvi) Compliance of legal requirements:

The Licensee shall do nothing to injure the reputation of the hotel and offend against any law, statute, rules, regulations and bye-laws issued by the Federal, Provincial, Local, Municipal or any other competent authority in any way or to permit or suffer to be done any act or thing which may in any way impair the business or reputation of the Hotel Licensor or Licensee.

xvii) Compliance of Licensor's guidelines:

The Licensee shall observe all necessary guidelines and directions issued by the Licensor from time to time in respect of usage of the premises and the business transacted.

8. Security Deposit: - Rs. 6,400,000/=

The Licensor may retain the security deposit up to three months after the expiry of licence date or until the Licensee has paid all moneys due to the Licensor and performed all his obligations under this agreement.

The Licensee agrees to and permits the Licensor to utilise the security deposit as it may deem fit and proper for its business purposes and need not to keep the same in a special accounts as required under Section 226 of the Companies Ordinance, 1984.

9. Liquidated damages:

Without prejudice to any other provision of this Agreement, the Licensee shall be liable to pay by way of liquidated damages a sum of Rs. 2,000/= per day per shop for delay in payment of each monthly licence fee and a sum of Rs. 400,000/= (Rupees Four Hundred Thousand only) for each month or any part thereof for which he over stays at the said premises after the date on which he is obliged to vacate and hand over the said premises to the Licensor under any provision of this agreement.

The sum referred to above may be recovered by the Licensor from money(s) due and payable to the Licensee or by encashing any performance bond/ guarantee which the Licensee may have furnished or otherwise as provided by law.

10. Notice:

All notices required by this agreement must be in writing.

11. Method of service:

i) The Licensor may serve a notice on the Licensee:

a) Giving it to the Licensee personally.

b) Leaving it at the premises - or

c) Delivering, posting or faxing it to the Licensee business address last known to the Licensor or, if the Licensee is a company, to its registered office

ii) The Licensee may serve a notice on the Licensor by delivering, posting or faxing it to the address of the Licensor notified to the Licensee.

12. Validity of Licensor's notice:

Any notice by the Licensor will be valid if it is: -

i) Executed under seal of the Licensor; or

ii) Signed on behalf of the Licensor by Pakistan Services Limited (the owner of the premises).

13. Arbitration:

i) All disputes, claims, differences, etc. as to the true meaning, scope import and/or interpretation of any provision of this Agreement and all other matters related therewith and/or incidental thereto shall be resolved through arbitration to be conducted in accordance with the provisions of the Arbitration Act. 1940 as amended or its subsequent statutory replacement.

ii) Either party desirous of invoking clause (a) above shall give written notices to that effect to the other party and shall also state therein the Precise issue being sought to be referred to arbitration. The parties shall, thereafter agree upon a sole Arbitrator within a maximum period of thirty days from the date of service of the said notice, failing which, either party may approach a court of competent jurisdiction for the same purpose.

IN WITNESS WHEREOF the parties have signed this Agreement on the day and place herein above mentioned.

LICENSOR
- --------

Signed and delivered by the within named Licensor M/s. Pakistan Services Limited through its Director _____

LICENSEE
- --------

Signed and delivered by the within named Licensor M/s. ALIGN TECHNOLOGY PAKISTAN through its Country Manager, Mr. Ioannis Demetriades, Passport Number BB004116 _____

WITNESSES:

1. _____ 2. _____

ALIGN TECHNOLOGY PAKISTAN

[FLOWCHART OF OPERATIONS]

SQUARE FOOTAGE MEASUREMENTS FOR ALIGN FACILITIES IN PAKISTAN

PC Facility

Square Feet On Lease	Area Of Corridor that Align Occupies	Total	Effective Space For Office Use
5,413		8,063	8,063

Bhallah House

Covered Space	Additional Space (Garden, Lawn, Driveways)	Total	Effective Space For Office Use
10,500	24,500	35,000	10,500

Facility Wise Personnel Distribution

	Align Graphics Designers	Clinical Assistant Directors	Operations Managers	Director of Orthodontics	Information Systems Manager	Chinese Software Instructors	Pakistani Software Engineers	Software Quality Assurance	Director, Human Resources
Bhallah House	229	18	1	0	0	0	0	0	0
PC	239	25	1	1	1	3	7	1	1
Total	468	43	2	1	1	3	7	1	1

	Supply Manager	Production Manager/ Coordinator	Systems Administrator	Shift Managers	Clinical Quality Assurance	Support Staff	Country	Total Manager
Bhallah House	1	0	0	2	0	20	0	271
PC	0	1	1	2	1	11	1	296
Total	1	1	1	4	1	31	1	567

STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT--LEASE-MODIFIED NET
AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION

1. Basic Provisions ("Basic Provisions").

1.1 Parties: This Lease ("Lease"), dated for reference purposes only, June 20, 2000, is made by and between James S. Lindsey ("Lessor") and Align Technology, Inc. ("Lessee") (collectively the "Parties," or individually a "Party").

1.2(a) Premises: That certain portion of the Building, including all improvements therein or to be provided by Lessor under the terms of this Lease, commonly known by the street address of 881 Martin Avenue, located in the City of Santa Clara, County of Santa Clara, State of California, with zip code 95050, as outlined on Exhibit A attached hereto ("Premises"). The "Building" is that certain building containing the Premises and generally described as (describe briefly the nature of the Building): An approximately 55,913 square foot freestanding building which is art of a two building, approximately 156,282 square foot project. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the tool, exterior walls or utility raceways of the Building or to any other buildings in the Industrial Center. The Premises, the Building, the Common Areas, the land upon which they are located, along wish all other buildings and improvements thereon, are herein collectively referred to as the "Industrial Center" (Also see Paragraph 2.)

1.2(b) Parking: 224 unreserved vehicle parking spaces ("Unreserved Parking Spaces"); and zero reserved vehicle parking spaces ("Reserved Parking Spaces"). (Also see Paragraph 2.6.)

1.3 Term: 5 years and zero months ("Original Term") commencing July 1, 2000 ("Commencement Date") and ending June 30, 2005 ("Expiration Date"). (Also see Paragraph 3.)

1.4 Early Possession: Not applicable. (Also see Paragraphs 3.2 and 3.3.)

1.5 Base Rent: $167,739.00, per month ("Base Rent"), payable on the first day of each month commencing _____. (Also see Paragraph 4.)

[X] If this box is checked, this Lease provides for the Base Rent to be adjusted per Addendum One attached hereto.

1.6(a) Base Rent Paid Upon Execution: $167,739.00 as Base Rent for the period July 1 - July 31, 2000 .

1.6(b) Lessee's Share of Common Area Operating Expenses: 35.8 percent (35.8%) ("Lessee's Share") as determined by

[X] prorata square footage of the Premises as compared to the total square footage of the project

1.7 Security Deposit: $1,175,000.00 ("Security Deposit"). (Also see Paragraph 5.)

1.8 Permitted Use: Office, administration, light assembly, research and development, testing engineering, warehouse and related legal uses ('Permitted Use"). (Also see Paragraph 6.)

1.9 Insuring Party. Lessor is the "Insuring Party." (Also see Paragraph 8.)

1.10(a) Real Estate Brokers. The following real estate broker(s) (collectively, the "Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check applicable boxes):

[_] _____ represents Lessor exclusively ("Lessor's Broker");

[_] _____ represents Lessee exclusively ("Lessee's Broker"); or

[X] CPS represents both Lessor and Lessee ("Dual Agency"). (Also sea Paragraph 15.)

1.10(b) Payment to Brokers. Upon the execution of this Lease by both Parties, Lessor shall pay to said Brokers) jointly, or in such separate shares as they may mutually designate in writing, a fee as set forth in a separate written agreement between Lessor and said Brokers) (or in the event there is no separate written agreement between Lessor and said Brokers(s), the sum of $_____) for brokerage services rendered by said Brokers) in connection with this transaction.

1.11 Guarantor. Not Applicable. (Also see Paragraph 37.)

1.12 Addenda and Exhibits. Attached hereto is an Addendum or Addenda consisting of Paragraphs 49 through 73, and Exhibits A through A, all off which constitute a pan of this Lease.

2. Premises, Parking and Common Areas.

2.1 Letting. Lessor hereby leases to Lessee, and lessee hereby leases from Lessor, the Premises, for the term, al the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of square footage set forth in this Lease, or that may have been used in calculating rental and/or Common Area Operating Expenses, is an approximation which Lessor and Lessee agree is reasonable and the rental and Lessee's Share (as defined in Paragraph 1.6(b)) based thereon is not subject to revision whether or not the actual square footage is more or less.

2.2 Condition. Lessor shall deliver the Premises to Lessee clean and free of debris on the Commencement Date and warrants to Lessee that the existing plumbing, electrical systems, fire sprinkler system, lighting, air conditioning and heating systems and loading doors, if any, in the Premises, other than those constructed by Lessee, shall be in good operating condition on the Commencement Date. If a non-compliance with said warranty exists as of the Commencement Date, Lessor shall, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee selling forth with specificity the nature and extent of such non-compliance, rectify same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within thirty (30) days after the Commencement Date, correction of that non- compliance shall be the obligation of Lessee al Lessee's sole cost and expense.

2.3 Compliance with Covenants, Restrictions end Building Code. Lessor warrants that any Improvements (other than those constructed by Lessee or all Lessee's direction shall comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances in effect on the Commencement Date, Lessor further warrants to Lessee that Lessor has no knowledge of any claim having been made by any governmental agency that a violation or violations of applicable building codes, regulations, and ordinances exist with regard to the Premises as of the Commencement Date. Said warranties shall not apply to any Alterations or Utility installations (defined in Paragraph 7.3(a)) made or to be made by Lessee. If the Premises do not comply with said warranties, Lessor shall, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee given within six (6) months following the Commencement Date and setting forth with specificity the nature and extent of such non-compliance, take such action, at Lessor's expense, as may be reasonable or appropriate to rectify the non-compliance. Lessor makes no warranty that the Permitted Use in Paragraph 1.8 permitted for the Premises under Applicable Laws (as defined in Paragraph 2.4).

2.4 Acceptance of Premises. Lessee hereby acknowledges: (a) that it has been advised by the Brokers(s) to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical and fire sprinkler system, security, environmental aspects, seismic and earthquake requirements, and compliance with the Americans with Disabilities Act and applicable zoning, municipal, county, state and federal laws, ordinances and regulations and any covenants or restrictions of record (collectively, "Applicable Laws") and the present and future suitability of the Premises for Lessee's intended use; (b) that Lessee has made such investigation as it deems necessary with reference to such matters, is satisfied with reference thereto, and assumes all responsibility therefore as the same relate to Lessee's occupancy of the Premises and/or the terms of this Lease; and

(c) that neither Lessor, not any of Lessor's agents, has made any oral or written representations or warranties with respect to said matter other than as set forth in this Lease.

2.5 Lessee as Prior Owner/Occupant. The warranties made by Lessor in this Paragraph 2 shall be of no force or effect if immediately prior to the date set forth in Paragraph 1.1 Lessee was the owner or occupant of the Premises. In such event, Lessee shall, at Lessee's sole cost and expense, correct any non-compliance of the Premises with said warranties.

2.6 Vehicle Parking. Lessee shall be entitled to use the number of Unreserved Parking Spares and Reserved Parking Spaces specified in Paragraph 1.2(b) on (hose portions of the Common Areas designated from time to time by Lessor for parking. Lessee shall net use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no target than lull-size passenger automobiles or pick-up trucks, herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles shall be parked and loaded or unloaded as directed by Lessor in the Rules and Regulations (as defined in Paragraph 40) issued by Lessor. (Also sea Paragraph 2.9.1

(a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.

(b) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, Then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessen, which cost shall be immediately payable upon demand by Lessor.

(c) Lessor shall al the Commencement Date of This Lease, provide the parking facilities required by Applicable Law.

2.7 Common Areas - Definition. The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Industrial Center and interior utility raceways within the Premises that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor. Lessee and other lessees of the Industrial Center and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways and landscaped areas.

2.8 Common Areas - Lessee's Rights. Lessor hereby grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and Invitees, during the term of this Lease, the non-exclusive right to use, in common wish others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Industrial Center. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 Common Areas - Rules and Regulations. Lessor or such other persons) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable Rules and Regulations with respect thereto in accordance with Paragraph 40. Lessee agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance wish said rules and regulations by other lessens of the Industrial Center.

2.10 Common Areas - Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Industrial Center to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Industrial Center, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Industrial Center as Lessor may, In the exercise of sound business judgment, deem to be appropriate.

3. Term.

3.1 Term. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 Early Possession. If an Early Possession Date is specified in Paragraph 1.4 and it Lessee totally or partially occupies the Premises after the Early Possession Date but prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such early occupancy. All other terms of this Lease, however, (including but not limited to the obligations to pay Lessee's Share of Common Area Operating Expenses and to carry the insurance required by Paragraph B) shall be in effect during such period. Any such early possession shall not affect nor advance the Expiration Date of the Original Term.

3.3 Delay In Possession. If for any reason Lessor cannot deliver possession of the Premises to Lessee by the Early Possession Date, if one is specified In Paragraph 1.4, or if no Early Possession Date is specified, by the Commencement Date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease, or the obligations of Lessee hereunder, or extend the term hereof, but in such case, Lessee shall not, except as otherwise provided herein, be obligated to pay rent or perform any other obligation, of Lessee under the terms of this Lease until Lessor delivers possession of the Premises to Lessee. If possession of the Premises is not delivered to Lessee within sixty (60) days after the Commencement Date. Lessee may, at its option, by notice in writing to Lessor within ten (10) days after the end of said sixty (60) day period, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder, provided further, however, that it such written notice of lessee is not received by Lessor within said ten (10) day period. Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect. Except as may be otherwise provided, and regardless of when the Original Term actually commences, it possession is not tendered to Lessee when required by this Lease and Lessee does not terminate this Lease, as aforesaid, the period free of the obligation to pay Base Rent, if any, that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to the period during which the Lessee would have otherwise enjoyed under the terms hereof, but minus any days of delay caused by the acts. changes or omissions of Lessee.

4. Rent.

4.1 Base Rent. Lessee shall pay Base Rent and other rent or charges, as the same may be adjusted from time to time, to Lessor in lawful money of the United States without offset or deduction, on or before the day

on which it is due under the terms of this Lease. Base Rent and all other rent and charges for any period during the term hereof which is for less than one lull month shall be prorated based upon the actual number of days of the month involved. Payment of Base Rent and other charges shall be made to Lessor at its address stated herein or to such other persons or at such other addresses as Lessor may from time to time designate In writing to Lessee.

4.2 Common Area Operating Expenses. Lessee shall pay to Lessor during the term hereof, in addition to the Base Rant, Lessee's Share (as specified in Paragraph 1.6(b)) of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Lease, in accordance with the following provisions:

(a) "Common Area Operating Expenses" are defined, for purposes of this Lease, as all costs incurred by Lessor relating to the ownership and operation of the Industrial Center, including, but not limited to, the following:

(i) The operation, repair and maintenance, In neat, clean, good order and condition, of the following:

(aa) The Common Areas, Including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators and root.

(bb) Exterior signs and any tenant directories.

(cc) Fire detection and sprinkler systems.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas.

(iii) Trash disposal, property management and security services and the costs of any environmental inspections.

(iv) Reserves set aside for maintenance and repair of Common Areas.

(v) Real Property Taxes (as defined in Paragraph 10.2) to be paid by Lessor for the Building and the Common Areas under Paragraph 10 hereof.

(vi) The cost of the premiums for the insurance policies maintained by Lessor under Paragraph 8 hereof.

(vii) Any deductible portion of an insured loss concerning the Building or the Common Areas.

(viii) Any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.

(b) Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Building or to any other building in the industrial Center or to the operation, repair and maintenance thereof, shall be equitable allocated by Lessor to all buildings in the industrial Center.

(c) The inclusion of the improvements, facilities and services set forth in SubParagraph 4.2(a) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Industrial Center already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(d) Lessee's Share of Common Area Operating Expenses shall be payable by Lessee within ten (10) days after a reasonably detailed statement of actual expenses is presented to Lessee by Lessor. At Lessor's

option, however, an amount may be estimated by Lessor from time to time of Lessee's Share of annual Common Area Operating Expenses and the same shall be payable monthly or quarterly, as Lessor shall designate during each 12-month period of the Lease term, on the same day as the Base Rent is due hereunder. Lessor shall deliver to Lessee within sixty (60) days after the expiration of each calendar year a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Lessee's payments under this Paragraph 4.2(d) during said preceding year exceed Lessee's Share as indicated on said statement, Lessee shall be credited the amount of such over- payment against Lessee's Share of Common Area Operating Expenses next becoming due. If Lessee's payments under this Paragraph 4.2(d) during said preceding year were less than Lessee's Share as indicated on said statement, Lessee shall pay to Lessor the amount of the deficiency within ten (10) days after delivery by Lessor to Lessee of said statement.

5. Security Deposit. Lessee shall deposit with Lessor upon Lessee's execution hereof the Security Deposit set forth in Paragraph 1.7 as security for Lessee's faithful performance of Lessee's obligations under this Lease. If Lessee tails to pay Base Rent or other rent or charges due hereunder, or otherwise Defaults under this Lease (as defined in Paragraph 13.1), Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Lessor or to reimburse or compensate Lessor for any liability, cost, expense, loss or damage (including attorneys' fees) which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of said Security Deposit, Lessee shall within ten (10) days alter written request therefore deposit movies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. Any time the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional movies with Lessor as an addition to the Security Deposit so that the total amount of the Security Deposit shall at all times bear the same proportion to the then current Base Rent as the initial Security Deposit bears to the initial Base Rent set forth in Paragraph 1.5. Lessor shall not be required to keep all or any part of the Security Deposit separate from its general accounts. Lessor shall, at the expiration or earlier termination of the term hereof and after Lessee has vacated the Premises, return to Lessee (or, at Lessor's option, to the last assignee, it any, of Lessee's interest herein), that portion of the Security Deposit not used or applied by Lessor. Unless otherwise expressly agreed in writing by Lessor, no part of the Security Deposit shall be considered to be held in trust, to bear interest or other increment for its use, or to be prepayment for any monies to be paid by Lessee under this Lease.

6. Use.

6.1 Permitted Use.

(a) Lessee shall use and occupy the Premises only for the Permitted Use set forth in Paragraph 1.8, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates waste or a nuisance, or that disturbs owners and/or occupants of or causes damage to the Premises or neighboring premises or properties.

(b) Lessor hereby agrees to not unreasonably withhold or delay its consent to any written request by Lessee. Lessee's assignees or subtenants, and by prospective assignees and subtenants of Lessee, its assignees and subtenants, for a modification of said Permitted Use, so long as the same will not impair the structural integrity of the improvements on the Premises or in the Building or !he mechanical or electrical systems therein, does not conflict wish uses by other lessees, is not significantly more burdensome to the Premises or the Building and the improvements thereon, and is otherwise permissible pursuant to this Paragraph 6. It Lessor elects to withhold such consent, Lessor shall within five (5) business days alter such request give a written notification of same, which notice shall include an explanation of Lessor's reasonable objections to the change in use.

6.2 Hazardous Substances.

(a) Reportable Uses Require Consent. The term "Hazardous Substance" as used in this Lease shall mean any product, substance, chemical, material or waste whose presence, nature, quantity and/or intensity of existence, use, manufacture, disposal, transportation, spill, release or effect, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment, or the Premises;'(ii) regulated or monitored by any governmental authority; or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any

applicable statute or common law theory. Hazardous Substance shall include, but not be limited to, hydrocarbons, petroleum, gasoline, crude oil or any products or by-products thereof. Lessee shall not engage in any activity in or about the Premises which constitutes a Reportable Use (as hereinafter defined; of Hazardous Substances without the express prior written consent of Lessor and compliance in a timely manner (at Lessee's sole cost and expense) with all Applicable Requirements (as defined in Paragraph 6.3). "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession. storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or wish respect to which a report, notice, registration or business plan is required to be tiled with, any governmental authority, and (iii) the presence in, on or about the Premises of a Hazardous Substance, with respect to which any Applicable Laws require that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing. Lessee may, without Lessor's prior consent, but upon notice to Lessor and in compliance with all Applicable Requirements, use any ordinary and customary materials reasonably required to be used by Lessee in the normal course of fire Permitted Use, so long as such use is not a Reportable Use and does not expose the Premises or neighboring properties to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may (but without any obligation to do so) condition its consent to any Reportable Use of any Hazardous Substance by Lassos upon Lessee's giving Lessor such additional assurances as Lessor, in its reasonable discretion. deems necessary to protect itself, the public, the Premises and the environment against damage, contamination or injury and/or liability therefor, including but not limited to the installation (and, at Lessor's option, removal on or before Lease expiration or earlier termination) of reasonably necessary protective modifications to the Promises (such as concrete encasements) and/or the deposit of an additional Security Deposit under Paragraph 5 hereof.

(b) Duty to Inform Lessor. If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises or the Building, other than as previously consented to by Lessor. Lessee shall immediately give Lessor written notice thereof, together with a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action, or proceeding given to, or received from, any governmental authority or private party concerning the presence, spill, release, discharge of, or exposure to, such Hazardous Substance including but not limited to all such documents as may be involved in any Reportable Use involving the Premises. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in. on, under or about the Premises (including, without limitation, through the plumbing or sanitary sewer system).

(c) Indemnification. Lessee shall indemnify, protect, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, and the Promises, harmless from and against any and all damages, liabilities, judgments, costs, claims, liens, expenses, penalties, loss of permits and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee or by anyone under Lessee's control. Lessee's obligations under this Paragraph 6.2(c) shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

6.3 Lessee's Compliance with Requirements. Lessee shall, at Lessee's sole cost and expense, fully, diligently and in a timely manner, comply with all "Applicable Requirements," which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, covenants, easements and restrictions of record, permits, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants, relating In any manner to the Premises (including but not limited to matters pertaining to (i) industrial hygiene, (ii) environmental conditions on, in, under or about the Premises, including soil and groundwater conditions, and (iii) the use, generation, manufacture, production, installation, maintenance, removal, transportation storage, spill, or release of any Hazardous Substance), now in effect or which may hereafter come into effect. Lessee shall, within live (5) days after receipt of Lessor's written request, provide Lessor with copies of all documents and information, including but not limited to permits, registrations, manifests, applications, reports and certificates, evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or

actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Lessee or the Premises to comply with any Applicable Requirements.

6.4 Inspection; Compliance with Law. Lessor, Lessor's agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises ("Lenders") shall have the right to enter the Premises al any time in the case of an emergency, and otherwise al reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease and all Applicable Requirements (as defined in Paragraph 6.3), and Lessor shall be entitled to employ experts and/or consultants in connection (herewith to advise Lessor with respect to Lessee's activities, including but not limited to Lessee's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The costs and expenses of any such Inspections shall be paid by the party requesting same, unless a Default or Breach of this Lease by Lessee or a violation of Applicable Requirements or a contamination, caused or materially contributed to by Lessee, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Lessee shall upon request reimburse Lessor or Lessor's Lender, as the case may be, for the costs and expenses of such inspections.

7. Maintenance, Repairs, Utility Installations, Trade Fixtures and Alterations.

7.1 Lessee's Obligations.

(a) Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance wish Covenants, Restrictions and Building Code), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole cost and expense and at all times, keep the Premises and every part thereof in good order, condition and repair (whether or not such portion of the Premises requiring repair, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, without limiting the generality of the foregoing, all equipment or facilities specifically serving the Premises, such as plumbing, heating, air conditioning, ventilating, electrical, lighting facilities, boilers, fired or unfired pressure vessels, fire hose connections if within the Premises, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights, but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7.2 below. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.

(b) Lessee shall, at Lessee's sole cost and expense, procure and maintain a contract, with copies to Lessor, in customary form and substance for and with a contractor specializing and experienced in the inspection, maintenance and service of the heating, air conditioning and ventilation system for the Premises. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain the contract for the heating, air conditioning and ventilating systems, and if Lessor so elects, Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after ten (10) days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, in accordance with Paragraph 13.2 below.

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance with Covenants, Restrictions and Building Code), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler and/or standpipe and hose (if located in the Common Areas) or other automatic fire extinguishing system including fire alarm and/or smoke detection systems and equipment, fire hydrants, parking lots, walkways, parkways, driveways, landscaping, lances, signs and utility systems serving the

Common Areas and all parts thereof, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. Lessee expressly waives the benefit of any statute now or hereafter in effect which would otherwise afford Lassos the fight to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Building. Industrial Canter or Common Areas in good order, condition and repair.

7.3 Utility Installations, Trade Fixtures, Alterations.

(a) Definitions; Consent Required. The term "Utility Installations" is used in this Lease to refer to all air lines, power panels, electrical distribution, security, fire protection systems, communications systems, lighting fixtures, heating, ventilating and air conditioning equipment, plumbing, and fencing in, on or about the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment which can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements on the Premises which are provided by Lessor under the terms of this Lease, other than Utility Installations or Trade Fixtures. "Lessee-Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a). Lessee shall not make nor cause to be made any Alterations or Utility Installations in, on, under or about the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Utility Installations to the interior of the Premises (excluding the roof) without Lessor's consent but upon notice to Lessor, so long as they are not visible from the outside of the Premises, do not involve puncturing, relocating or removing the roof or any existing walls, or changing or interfering with the fire sprinkler or fire defection systems and the cumulative cost thereof during the term of this Lease as extended does not exceed $2,500.00.

(b) Consent. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. All consents given by Lessor, whether by virtue of Paragraph 7.3(a) or by subsequent specific consent, shall be deemed conditioned upon: (i) Lessee's acquiring all applicable permits required by governmental authorities; (ii) the furnishing of copies of such permits together with a copy of the plans and specifications for the Alteration or Utility Installation to Lessor prior to commencement of the work thereon; and (iii) the compliance by Lessee with all conditions of said permits in a prompt and expeditious manner. Any Alterations or Utility Installations by Lessee during the term of this Lease shall be done in a good and workmanlike manner, with good and sufficient materials, and be in compliance with all Applicable Requirements. Lessee shall promptly upon completion thereof furnish Lessor with as-built plans and specifications therefor. Lessor may, (but without obligation to do so) condition its consent to any requested Alteration or Utility Installation that costs $2,500.00 or more upon Lessee's providing Lessor wish a lien and completion bond in an amount equal to one and one-hall times the estimated cost of such Alteration or Utility Installation.

(c) Lien Protection. Lessee shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Lessee al or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in, on, or about the Premises, and Lessor shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, al its sole expense, defend and protect itself, Lessor and the Premises against the same and shall pay and satiety any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises. If Lessor shall require, Lessee shall furnish to Lessor a surely bond satisfactory to Lessor in an amount equal to one and one-half times the amount of such contested lien claim or demand, indemnifying Lessor against liability for the same, as required by law for the holding of the Premises free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's attorneys' tees and costs in participating in such action if Lessor shall decide it is to its best interest to do so.

7.4 Ownership, Removal, Surrender, end Restoration.

(a) Ownership. Subject to Lessor's right to require their removal and to cause Lessee to become the owner thereof as hereinafter provided in this Paragraph 7.4, all Alterations, and Utility Installations made to the Premises by Lessee shall be the property of and owned by Lessee, but considered a part of the Premises. Lessor may, al any time and at its option, elect in writing to Lessee to be the owner of all or any specified pare of the Lessee-Owned Alterations and Utility Installations. Unless otherwise instructed per SubParagraph 7.4(b) hereof, all Lessee-Owned Alterations and Utility installations shall, al the expiration or earlier termination of this Lease, become the property of Lessor and remain upon the Premises and be surrendered with the Premises by Lessee.

(b) Removal. Unless otherwise agreed in writing, Lessor may require that any or all Lessee-Owned Alterations or Utility Installations be removed by the expiration or earlier termination of this Lease, notwithstanding that their installation may have been consented to by Lessor. Lessor may require the removal at any time of all or any part of any Alterations or Utility Installations made without the required consent of Lessor.

(c) Surrender/Restoration. Lessee shall surrender the Premises by the end of the last day of the Lease term or any earlier termination date, clean and free of debris and In good operating order, condition and slate of repair, ordinary wear and tear excepted. Ordinary wear and tear shall not include any damage or deterioration that would have been prevented by good maintenance practice or by Lessee performing all of its obligations under this Lease. Except as otherwise agreed or specified herein, the Premises, as surrendered, shall include the Alterations and Utility Installations. The obligation of Lessee shall include the repair of any damage occasioned by the installation, maintenance or removal of Lessee's Trade Fixtures, furnishings, equipment, and Lessee-Owned Alterations and Utility Installations, as well as the removal of any storage tank installed by or for Lessee, and the removal, replacement, or remediation of any soil, malarial or ground water contaminated by Lessee, all as may then be required by Applicable Requirements and/or good practice. Lessee's Trade Fixtures shall remain the properly of Lessee and shall be removed by Lessee subject to its obligation to repair and restore the Premises per this Lease.

8. Insurance; Indemnity.

8.1 Payment of Premiums. The cost of the premiums for the insurance policies maintained by Lessor under this Paragraph 8 shall be a Common Area Operating Expense pursuant to Paragraph 4.2 hereof. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Commencement Date or Expiration Date.

8.2 Liability Insurance.

(a) Carried by Lessee. Lessee shall obtain and keep in force during the term of this Lease a Commercial General Liability policy of insurance protecting Lessee, Lessor and any Lenders) whose names have been provided to Lessee in writing (as additional insureds) against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $1,000,000 per occurrence with an "Additional Insured-Managers or Lessors of Premises" endorsement and contain the "Amendment of the Pollution Exclusion" endorsement for damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any infra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "Insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance required by this Lease or as carried by Lessee shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. All insurance to be carried by Lessee shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) Carried by Lessor. Lessor shall also maintain liability insurance described in Paragraph 8.2(a) above, in addition to and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured (herein.

8.3 Property Insurance-Building, Improvements and Rental Value.

(a) Building end Improvements. Lessor shall obtain and keep in force during the term of this Lease a policy or policies in the name of Lessor, with loss payable to Lessor and to any Lender(s), insuring against loss or damage to the Premises. Such insurance shall be for lull replacement cost, as the same shall exist from time to time, or the amount required by any Lender(s), but in no event more than the commercially reasonable and available insurable value thereof if, by reason of the unique nature or age of the improvements involved, such latter amount is less than lull replacement cost. Lessee-Owed Alterations and Utility Installations, Trade Fixtures and Lessee's personal property shall be insured by Lessee pursuant to Paragraph 8.4. If the coverage is available and commercially appropriate, Lessor's policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), Including coverage for any additional costs resulting from debris removal and reasonable amounts of coverage for the enforcement of any ordinance or law regulating the reconstruction or replacement of any undamaged sections of the Building required to be demolished or removed by reason of the enforcement of any building, zoning, safely or land use laws as the result of a covered loss, but not including plate glass insurance. Said policy or policies shall also contain an agreed valuation provision in lieu of any co-insurance clause, waiver of subrogation, and inflation guard protection causing an increase In the annual property insurance coverage amount by a factor of not lass than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located.

(b) Rental Value. Lessor shall also contain and keep in force during the term of this Lease a policy or policies in the name of Lessor, with loss payable to Lessor and any Lender(s), insuring the loss of the full rental and other charges payable by all lessees of the Building to Lessor for one year (including all Real Property Taxes, insurance costs, all Common Area Operating Expenses and any scheduled rental increases). Said insurance may provide that in the event the Lease is terminated by reason of an insured loss, the period of indemnity for such coverage shall be extended beyond the date of the completion of repairs or replacement of the Premises, to provide for one full year's loss of rental revenues from the date of any such loss. Said insurance shall contain an agreed valuation provision in lieu of any co-insurance clause, and the amount of coverage shall be adjusted annually to reflect the projected rental income, Real Property Taxes, insurance premium costs and other expenses, if any, otherwise payable, for the next 12-month period. Common Area Operating Expenses shall include any deductible amount in the event of such loss.

(c) Adjacent Premises. Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Industrial Center if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) Lessee's Improvements. Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee-Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 Lessee's Property Insurance. Subject to the requirements of Paragraph 8.5, Lessee at its cost shall either by separate policy or, at Lessor's option, by endorsement to a policy already carried, maintain insurance coverage on all of Lessee's personal property, Trade Fixtures and Lessee-Owned Alterations and Utility Installations in, on, or about the Premises similar in coverage to that carried by Lessor as the Insuring Party under Paragraph 8.3(a). Such insurance shall be full replacement cost coverage with a deductible not to exceed $1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property and the restoration of Trade Fixtures and Lessee-Owned Alterations and Utility Installations. Upon request from Lessor, Lessee shall provide Lessor with written evidence that such insurance is in force.

8.5 Insurance Policies. Insurance required hereunder shall be in companies duly licensed to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least B+, V, or such other rating as may be required by a Lender, as set forth in the most current issue of "Best's Insurance Guide." Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in this Paragraph 8. Lessee shall cause to be delivered to Lessor, within seven (7) days after the earlier of the Early Possession Date or the Commencement Date, certified copies of, or certificates evidencing the existence and amounts of, the insurance required under Paragraph 8.2(a) and 8.4. No such policy shall be cancelable or subject to modification except after thirty (30) days' prior written notice to Lessor. Lessee

shall at least thirty (30) days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss or damage to their property arising out of or incident to the perils required to be insured against under Paragraph 8. The effect of such releases and waivers of the right to recover damages shall not be limited by the amount of insurance carried or required, or by any deductibles applicable thereto. Lessor and Lessee agree to have their respective insurance companies issuing property damage insurance waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's negligence and/or breach of express warranties, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rants and/or damages, costs, liens, judgments, penalties, loss of permits, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the occupancy of the Premises by Lessee, the conduct of Lessee's business, any act, omission or neglect of Lessee, its agents, contractors, employees or invitees, and out of any Default or Breach by Lessee in the performance in a timely manner of any obligation on Lessee's part to be performed under this Lease. The foregoing shall include, but not be limited to the defense or pursuit of any claim or any action or proceeding involved therein, and whether or not (in the case of claims made against Lessor) litigated and/or reduced to judgment. In case any action or proceeding be brought against Lessor by reason of any of the foregoing mailers, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be so indemnified.

8.8 Exemption of Lessor from Liability. Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other detects of pipes, fire sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said injury or damage results from conditions arising upon the Premises or upon other portions of the Building of which the Premises are a pan from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is accessible or not. Lessor shall not be liable for any damages arising from any act or neglect of any other lessee of Lessor nor from the failure by Lessor to enforce the provisions of any other lease in the Industrial Center. Notwithstanding Lessor's negligence or breach of this Lease, Lessor shall under no circumstances be liable for injury to Lessee's business or for any loss of income or profit therefrom.

9. Damage or Destruction.

9.1 Definitions.

(a) "Premises Partial Damage" shall mean damage or destruction to the Premises, other than Lessee-Owned Alterations and Utility Installations, the repair cost of which damage or destruction is less than fifty percent (50%) of the then Replacement Cost (as defined in Paragraph 9.1(d)) of the Premises (excluding Lessee-Owned Alterations and Utility Installations and Trade Fixtures) immediately prior to such damage or destruction.

(b) "Premises Total Destruction" shall mean damage or destruction to the Premises, other than Lessee-Owned Alterations and Utility Installations, the repair cost of which damage or destruction is fifty percent (50%) or more of the then Replacement Cost of the Premises (excluding Lessee-Owned Alterations and Utility Installations and Trade Fixtures) immediately prior to such damage or destruction. In addition, damage or destruction to the Building, other than Lessee-Owned Alterations and Utility Installations and Trade Fixtures of any lassoes of the Building, the cost of which damage or destruction is fifty percent (50%) or more of the then

Replacement Cost (excluding Lessee-Owned Alterations and Utility Installations and Trade Fixtures of any lessees of the Building) of the Building shall, at the option of Lessor, be deemed to be Premises Total Destruction.

(c) "Insured Loss" shall mean damage or destruction to the Premises other than lessee-Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a) irrespective of any deductible amounts or coverage limits involved.

(d) "Replacement Cost" shall mean the cost to repair or rebuild the improvements owned by Lessor al the time of the occurrence to (heir condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of applicable building codas, ordinances or laws, and without deduction for depreciation.

(e) "Hazardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises.

9.2 Premises Partial Damage - Insured Loss. If Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee-Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in lull force and effect. In the event, however, that there is a shortage of insurance proceeds and such shortage is due to the fact that, by reason of the unique nature of the improvements in the Premises, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within ten (10) days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said ten (10) day period, Lessor shall complete them as soon as reasonably possible and this Lease shall remain in lull force and effect. If Lessor does not receive such funds or assurance within said period, Lessor may nevertheless elect by written notice to Lessee within ten (10) days (hereafter to make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect. If Lessor does not receive such funds or assurance within such ten (10) day period, and it Lessor does not so elect to restore and repair, then this Lease shall terminate sixty (60) days following the occurrence of the damage or destruction. Unless otherwise agreed, Lessee shall in no event have any right to reimbursement from Lessor for arty funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3 rather than Paragraph 9:2, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage - Uninsured Loss. If Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense and this Lease shall continue in lull force and effect). Lessor may al Lessor's option, either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such damage of Lessor's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Lessor elects to give such notice of Lessor's intention to terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage totally al Lessee's expense and without reimbursement from Lessor. Lessee shall provide Lessor with the required funds or satisfactory assurance thereof within thirty (30) days following such commitment from Lessee. In such event this Lease shall continue in lull force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the funds or assurance thereof within the times specified above, this Lease shall terminate as of the date specified in Lessor's notice of termination.

9.4 Total Destruction. Notwithstanding any other provision hereof if Premises Total Destruction occurs (including any destruction required by any authorized public authority), this Lease shall terminate sixty (60) days following the date of such Premises Total Destruction, whether or not the damage or destruction is an Insured

Loss or was caused by a negligent or willful act of Lessee. In the event, however, that the damage or destruction was caused by Lessee, Lessor shall have the right to recover Lessor's damages from Lessee except as released and waived in Paragraph 9.7.

9.5 Damage Near End of Term. If at any time during the last six (6) months of the term of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may, at Lessor's option, terminate this Lease effective sixty (60) days following the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within thirty (30) days after the Date of occurrence of such damage. Provided, however, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, Then Lessee may preserve this Lease by (a) exercising such option, and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is ten (10) days alter Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate as of the date set forth in the first sentence of this Paragraph 9.5.

9.6 Abatement of Rent; Lessee's Remedies.

(a) In the event of (i) Premises Partial Damage or (ii) Hazardous Substance Condition for which Lessee is not legally responsible, the Base Rent, Common Area Operating Expenses and other charges, if any, payable by Lessee hereunder for the period during which such damage or condition, its repair, remediation or restoration continues, shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not in excess of proceeds from insurance required to be carried under Paragraph 8.3(b). Except for abatement of Base Rent, Common Area Operating Expenses and other charges, if any, as aforesaid, all other obligations of Lessee hereunder shall be performed by Lessee, and Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair, remediation or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence, in a substantial and meaningful way, the repair or restoration of the Premises within ninety (90) days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice of Lessee's election to terminate this Lease on a date not less than sixty (60) days following the giving of such notice. If Lessee gives such notice to Lessor and such Lenders and such repair or restoration is not commenced within thirty (30) days after receipt of such notice, this Lease shall terminate as of the date specified in said notice. If Lessor or a Lender commences the repair or restoration of the Premises within thirty (30) days after the receipt of such notice, this Lease shall continue in full force and effect. "Commence" as used in this Paragraph 9.6 shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever occurs first.

9.7 Hazardous Substance Conditions. If a Hazardous Substance Condition occurs, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(c) and Paragraph 13), Lessor may at Lessor's option either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to investigate and remediate such condition exceeds twelve (12) times the then monthly Base Rent or $100,000 whichever is greater, give written notice to Lessee within thirty (30) days altar receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition of Lessor's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Lessor elects to give such notice of Lessor's intention to terminate this Lease, Lessee shall have the right within ten (10) days shat the receipt of such notice to give written notice to Lessor of Lessee's commitment to pay for the excess costs of (a) investigation and remediation of such Hazardous Substance Condition to the extent required by Applicable Requirements, over (b) an amount equal to twelve (12) times the then monthly Base Rent or

$100,000, whichever is greater. Lessee shall provide Lessor with the funds required at Lessee or satisfactory assurance thereof within thirty (30) days following said commitment by Lessee. In such event this Lease shall continue in lull force and effect, and Lessor shall proceed to make such investigation and remediation as soon as reasonably possible alter the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time period specified above, this Lease shall terminate as of the date specified in Lessor's notice of termination.

9.8 Termination - Advance Payments. Upon termination of this Lease pursuant to this Paragraph 9, Lessor shall return to Lessee any advance payment made by Lessee to Lessor and so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor under the terms of this Lease.

9.9 Waiver of Statutes. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises and the Building with respect to the termination at this Lease and hereby waive the provisions of any present or future statute to the extent if is inconsistent herewith.

10. Real Property Taxes.

10.1 Payment of Taxes. Lessor shall pay the Real Properly Taxes, as defined in Paragraph 10.2, applicable to the Industrial Center, and except as otherwise provided in Paragraph 10.3, any such amounts shall be included in the calculation of Common Area Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.2 Real Property Tax Definition. As used herein, the term "Real Property Taxes" shall include any form of real estate lax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed upon the Industrial Center by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage, or other improvement district thereof, levied against any legal or equitable interest of Lessor in the Industrial Center or any portion thereof, Lessor's right to rent or other income therefrom, and/or Lessor's business of leasing the Premises. The term "Real Property Taxes" shall also Include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring, or changes in Applicable Law taking effect, during the term of this Lease, including but not limited to a change in the ownership of the Industrial Center or in the improvements thereon, the execution at this Lease, or any modification, amendment or transfer thereof, and whether or not contemplated by the Parties. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate lax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.

10.3 Additional Improvements. Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Industrial Center by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.1 hereof, Lessee shall, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirely of any increase in Real Property Taxes it assessed solely by reason at Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion at the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Lessee's Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises or stored within the Industrial Center. When possible, Lessee shall cause its Lessee-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all

other personal property to be assessed and billed separately from the real property at Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within ten (10) days alter receipt at a written statement seeing forth the taxes applicable to Lessee's property.

11. Utilities.

Lessee shall pay directly for all utilities and services supplied to the Premises, including but not limited to electricity, telephone, security, gas and cleaning of the Premises, together with any taxes thereon. If any such utilities or services are not separately metered to the Premises or separately billed to the Premises, Lessee shall pay to Lessor a reasonable proportion to be determined by Lessor at all such charges jointly metered or billed with other premises in the Building, in the manner and within the time periods set forth in Paragraph 4.2(d).

12. Assignment end Subletting.

12.1 Lessor's Consent Required.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or otherwise transfer or encumber (collectively, "assign") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent given under and subject to the terms of Paragraph 36.

(b) A change in the control of Lessee shall constitute an assignment requiring Lessor's consent. The transfer, on a cumulative basis, of twenty-five percent (25%) or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement at Lessee or its assets in any transaction, or series of transactions (by way of merger, sale. acquisition, financing, refinancing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee, as hereinafter defined, by an amount equal to or greater than twenty-five percent (25%) of such Net Worth at Lessee as It was represented to Lessor at the time of lull execution and delivery of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, at whichever time said Net Worth at Lessee was or is greater, shall be considered an assignment at this Lease by Lessee to which Lessor may reasonably withhold its consent. "Net Worth of Lessee" for purposes of this Lease shall be the net worth of Lessee (excluding any Guarantors) established under generally accepted accounting principles consistently applied.

(d) An assignment or subletting of Lessee's interest in this Lease without Lessor's specific prior written consent shall at Lessor's option, be a Default curable after notice per Paragraph 13.1, or a non-curable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unconsented to assignment or subletting as a non-curable Breach, Lessor shall have the right to either: (i) terminate this Lease, or (ii) upon thirty (30) days' written notice ("Lessor's Notice"), increase the monthly Base Rent for the Premises to the greater of the then lair market rental value at the Premises, as reasonably determined by Lessor, or one hundred ten percent (110%) of the Base Rent then in effect. Pending determination of the new lair market rental value, it disputed by Lessee, Lessee shall pay the amount set forth in Lessor's Notice, with any overpayment credited against the next installment(s) at Base Rent coming due, and any underpayment for the period retroactively to the effective date of the adjustment being due and payable immediately upon the determination thereof. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to the then fair market value as reasonably determined by Lessor (without the Lease being considered an encumbrance or any deduction for depreciation or obsolescence, and considering the Premises at its highest and best use and in good condition) or one hundred ten percent (110%) of the price previously in effect, (ii) any index-oriented rental or price adjustment formulas contained in this Lease shall be adjusted to require that the base index be determined wish reference to the index applicable to the time of such adjustment, and (iii) any fixed rental adjustments scheduled during the remainder of the Lease term shall be increased in the same ratio as the new rental bears to the Base Rent in effect immediately prior to the adjustment specified in Lessor's Notice.

(e) Lessee's remedy for any breach of this Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, any assignment or Subletting shall not (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, nor (iii) alter the primary liability at Lessee for the payment of Base Rent and other sums due Lessor hereunder or for the performance at any other obligations to be performed by Lessee under this Lease.

(b) Lessor may accept any rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of any rent for performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for the Default or Breach by Lessee of any of the terms, covenants or conditions of this Lease.

(c) The consent of Lessor to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Lessee or to any subsequent or successive assignment or subletting by the assignee or sublessee. However, Lessor may consent to subsequent sublettings and assignments of the sublease or any amendments or modifications thereto without notifying Lessee or anyone else liable under this Lease or the sublease and without obtaining their consent, and such action shall not relieve such persons from liability under this Lease or the sublease.

(d) In the event of any Default or Breach of Lessee's obligation under this lease, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of the Lessee's obligations under this Lease, including any sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a non-refundable deposit of $1,000, as reasonable consideration for Lessor's considering and processing the request for consent. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested by Lessor.

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed, for the benefit of Lessor, to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented in writing.

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all rentals and income arising from any sublease of all or a portion of the Premises heretofore or hereafter made by Lessee, and Lessor may collect such rent and income and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach (as defined in Paragraph 13.1) shall occur in the performance of Lessee's obligations under this Lease, Lessee may, except as otherwise provided in this Lease, receive, collect and enjoy the rents accruing under such sublease. Lessor shall not, by reason of the foregoing provision or any other assignment of such sublease to Lessor, nor by reason of the collection of the rents from a sublessee, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee under such Sublease. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice

from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor the rents and other charges due and to become due under the sublease.. Subleases shall rely upon any such statement and request from Lessor and shall pay such rents and other charges to Lessor without any obligation or right to inquire as to whether such Breach exists and notwithstanding any notice from or claim from Lessee to the contrary. Lessee shall have no right or claim against such sublessee, or, until the Breach has been cured, against Lessor, for any such rents and other charges so paid by said sublessee to Lessor.

(b) In the event of a Breach by Lessee in the performance of its obligations under this Lease Lessor, at its option and without any obligation to do so, may require any sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any other prior defaults or breaches of such sublessor under such sublease.

(c) Any matter or thing requiring the consent of the sublessor under a sublease shall also require the consent of Lessor herein.

(d) No sublessee under a sublease approved by Lessor shall further assign or sublet all or any pare of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset Item and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

13.1 Default; Breach. Lessor and Lessee agree that if an attorney is consulted by Lessor in connection with a Lessee Default or Breach (as hereinafter defined), $350.00 is a reasonable minimum sum per such occurrence for legal services and costs in the preparation and service of a notice of Default, and that Lessor may include the cost of such services and costs in said notice as rent due and payable to cure said default. A "Default" by Lessee is defined as a failure by Lessee to observe, comply with or perform any of the terms, covenants, conditions or rules applicable to Lessee under this Lease. A "Breach" by Lessee is defined as the occurrence of any one or more of the following Defaults, and, where a grace period for cure alter notice is specified herein, the failure by Lessee to cure such Default prior to the expiration of the applicable grace period, and shall entitle Lessor to pursue the remedies set forth in Paragraphs 13.2 and/or 13.3:

(a) The vacating of the Premises without the intention to reoccupy. Same, or the abandonment of the Premises.

(b) Except as expressly otherwise provided in this Lease, the failure by Lessee to make any payment of Base Rent, Lessee's Share of Common Area Operating Expenses, or any other monetary payment required to be made by Lessee hereunder as and when due, the failure by lessee to provide Lessor with reasonable evidence of insurance or surely bond required under this Lease, or the failure of Lessee to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of three (3) days following written notice thereof by or on behalf of Lessor to Lessee.

(c) Except as expressly otherwise provided in this Lease, the failure by Lessee to provide Lessor with reasonable written evidence (in duly executed original form, it applicable) of (i) compliance with Applicable Requirements per Paragraph 6.3, (ii) the inspection, maintenance and service contracts required under Paragraph 7.1(b), (iii) the rescission of an unauthorized assignment or subletting per Paragraph 12.1, (iv) a Tenancy Statement per Paragraphs 16 or 37, (v) the subordination or non-subordination of this Lease per Paragraph 30, (vi) the guaranty of the performance of Lessee's obligations under this Lease if required under Paragraphs 1.11 and 37, (vii) the execution of any document requested under Paragraph 42 (easements), or (viii) any other documentation

or information which Lessor may reasonably require of Lessee under the terms of this lease, where any such failure continues for a period of ten (10) days following written notice by or on behalf of Lessor to Lessee.

(d) A Default by Lessee as to the terms, covenants conditions or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof that are to be observed, complied with or performed by Lessee. other than those described in Subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of thirty (30) days after written notice thereof by or on behalf of Lessor to Lessee; provided, however, that if the nature of Lessee's Default is such that more than thirty (30) days are reasonably required for its cure, then it shall not be deemed to be a Breach of this Lease by Lessee it Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(e) The occurrence of any of the following events: (i) the making by Lessee of any general arrangement or assignment for the benefit of creditors; (ii) Lessee's becoming a "debtor" as defined in 11 U.S. Code Section 101 or any successor statute thereto (unless, in the case of a petition tiled against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located al the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located al the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days; provided however, in the event that any provision of this SubParagraph 13.1(e) is contrary to any applicable law, such provision shall be of no force or effect, and shall not affect the validity of the remaining provisions.

(f) The discovery by Lessor that any financial statement of Lessee or of any Guarantor, given to Lessor by Lessee or any Guarantor, was materially false.

(g) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance wish the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing (iv) a Guarantor's refusal .to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory breach basis, and Lessee's failure, within sixty (60) days following written notice by or on behalf of Lessor to Lessee of any such event, to provide Lessor with written alternative assurances of security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 Remedies. If Lessee fails to perform any affirmative duty or obligation of Lessee under this Lease, within ten (10) days after written notice to Lessee (or in case of an emergency, without notice), Lessor may al its option (but without obligation to do so), perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. The costs and expenses of any such performance by Lessor shall be due and payable by Lessee to Lessor upon invoice therefor. If any check given to Lessor by Lessee shall not be honored by the bank upon which it is drawn, Lessor, al its own option, may require all (inure payments to be made under this Lease by Lessee to be made only by cashier's check. In the event of a Breach of this Lease by Lessee (as defined in Paragraph 13.1), with or without further notice or demand, and without limiting Lessor in the exercise of any right or-remedy which Lessor may have by reason of such Breach, Lessor may:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Lessee shall Immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the worth at the time of the award of the unpaid rent which had been earned at the time of termination; (ii) the worth al the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not

limited to the cost of recovering possession of the Premises, expenses of releting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco or the Federal Reserve Bank District in which the Premises are located at the time of award plus one percent (1%). Efforts by Lessor to mitigate damages caused by Lessee's Default or Breach of this Lease shall not waive Lessor's right to recover damages under this Paragraph 13.2. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding the unpaid rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit for such rent and/or damages. If a notice and grace period required under SubParagraph 13.1(b), (c) or (d) was not previously given, a notice to pay rent or quit, or to perform or quit, as the case may be, given to Lessee under any stature authorizing the forfeiture of leases for unlawful detainer shall also constitute the applicable notice for grace period purposes required by SubParagraph 13.1(b), (c) or (d). In such case, the applicable grace period under the unlawful detainer statue shall run concurrently after the one such statutory notice, and the failure of Lessee to cure the Default within the greater of the two (2) such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession in effect (in California under California Civil Code Section 1951.4) after Lessee's Breach and recover the rent as it becomes due, provided Lessee has the right to sublet or assign, subject only to reasonable limitations. Lessor and Lessee agree that the limitations on assignment and subletting in this Lease are reasonable. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver to protect the Lessor's interest under this Lease, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located.

(d) The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture In Event of Breach. Any agreement by Lessor for free or abated rent or other charges applicable to the Premises, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions" shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms. covenants and conditions of this Lease to be performed or observed by Lessee during the term hereof as the same may be extended. Upon the occurrence of a Breach (as defined In Paragraph 13.1) of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, and recoverable by Lessor, as additional rent due under this Lease, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initialed the operation of this Paragraph 13.3 shall not be deemed a waiver by Lessor of the provisions of this Paragraph 13.3 unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by the terms of any ground lease, mortgage or deed of trust covering the Premises. Accordingly, ff any installment of rent or other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a tale charge equal to six percent (6%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event

constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Base Rent, then notwithstanding Paragraph 4.1 or any other provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Breech by Lessor. Lessor shall riot be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph 13.5, a reasonable time shall in no event be less than thirty (30) days after receipt by Lessor, and by any Lenders) whose name and address shall have been furnished to Lessee in writing (or such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days after such notice are reasonably required for Its performance, then Lessor shall not be in breach of this Lease if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the Premises, or more than twenty-five percent (25%) of the portion of the Common Areas designated for Lessee's parking, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing within ten (10) days after Lessor shall have given Lessee written notice of such raking (or in the absence o f such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority lakes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in lull force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in the same proportion as the rentable floor area of the Premises taken bears to the total rentable floor area of the Premises. No reduction of Base Rent shall occur it the condemnation does not apply to any portion of the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made -as compensation for diminution of value of the leasehold or for the taking of the fee, or as severance damages; provided, however, That Lessee shall be entitled to any compensation, separately awarded to Lessee for Lessee's relocation expenses and/or loss of Lessee's Trade Fixtures. In he event that this Lease is not terminated by reason of such condemnation. Lessor shall to the extent of its net severance damages received, over and above Lessee's Share of the legal and other expenses incurred by Lessor in the condemnation matter, repair any damage to the Premises caused by such condemnation authority. Lessee shall be responsible for the payment of any amount in excess of such net severance damages required to complete such repair.

15. Brokers' Fees.

15.1 Procuring Cause. The Broker(s) named in Paragraph 1.10 is/are the procuring cause of this Lease.

15.2 Representations and Warranties. Lessee and Lessor each represent and warrant to the other that it has had no dealings wish any person, firm, broker or finder other than as named in Paragraph 1.10(a) in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and that no broker or other person, firm or entity other than said named Broker(s) is entitled to any commission or finder's fee in connection with said transaction. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, and/or attorneys fees reasonably incurred with respect thereto.

16. Tenancy and Financial Statements.

16.1 Tenancy Statement. Each Party (as "Responding Party") shall within ten (10) days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a

statement in writing in a form similar to the then most current "Tenancy Statement" form published by the American Industrial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

16.2 Financial Statement. If Lessor desires to finance, refinance, or sell the Premises or the Building, or any part thereof, Lessee and all Guarantors shall deliver to any potential lender or purchaser designated by Lessor such financial statements of Lessee and such Guarantors as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past three (3) years. A11 such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Lessor's Liability. The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee lisle to the Premises. In the event of a transfer of Lessor's lisle or Interest In the Premises or in this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor at the time of such transfer or assignment. Except as provided in Paragraph 15.3, upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. Severabililty. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. Interest on Past-Due Obligations. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor within ten (10) days following the date on which it was due, shall bear interest from the date due at the prime rate charged by the largest state chartered bank in the stale in which the Premises are located plus tour percent (4%) per annum, but not exceeding the maximum rate allowed by law, in addition to the potential late charge provided for in Paragraph 13.4.

20. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

21. Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease are deemed to be rent.

22. No Prior or other Agreements; Broker Disclaimer. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of other Party to this Lease and as to the nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. Each Broker shall be an intended third party beneficiary of the provisions of this Paragraph 22.

23. Notices.

23.1 Notice Requirements. All notices required or permitted by this Lease shall be in writing and may be delivered in person (by hand or by messenger or courier service) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission during normal business hours, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notice purposes. Either Party may be written notice to the other specify a different address for notice purposes, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for the purpose of mailing or delivering notice to Lessee. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by written notice to Lessee.

23.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail, the notice shall be deemed given forty-eight (48) hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given twenty-four (24) hours after delivery of the same to the United States Postal Service or courier. If any notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon telephone confirmation of receipt of the transmission thereof, provided a copy is also delivered via delivery or mail. If notice is received on a Saturday or a Sunday or a legal holiday, it shall be deemed received on the next business day.

24. Waivers. No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or any other term, covenant or condition hereof. Lessor's consent to, or approval of, any such act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee. or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. Regardless of Lessor's knowledge of a Default or Breach at the time of accepting rent, the acceptance of rent by Lessor shall not be a waiver of any Default or Breach by Lessee of any provision hereof. Any payment given Lessor by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

25. Recording. Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a short form memorandum of this Lease for recording purposes. The Party requesting recordation shall be responsible for payment of any fees or saxes applicable thereto.

26. No Right To Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or earlier termination of this Lease. In the event that Lessee holds over in violation of this Paragraph 26 then the Base Rent payable from and after the time of the expiration or earlier termination of this Lease shall be increased to two hundred percent (200%) of the Base Rent applicable during the month immediately preceding such expiration or earlier termination. Nothing contained herein shall be construed as a consent by Lessor to any holding over by Lessee.

27. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies a law or in equity.

28. Covenants and Conditions. All provisions, of this Lease to be observed or performed by Lessee are both covenants and conditions.

29. inding Effect; Choice of Law. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the Stale in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. Subordination; Attornment; Non-Disturbance.

30.1 Subordination. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed by Lessor upon the real property of which the Premises are a part, to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Lessee agrees that the Lenders holding any such Security Device shall have no duty, liability or obligation to perform any of the obligations of Lessor under this Lease, but that in the event of Lessor's default with respect to any such obligation, lessee will give any Lender whose name and address have been furnished Lessee in writing for such purpose notice of Lessor's default pursuant to Paragraph 13.5. If any Lender shall elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device and shall give written notice

thereof to Lessee, this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative Dates of the documentation or recordation thereof.

30.2 Attornment. Subject to the non-disturbance provisions of Paragraph 30.3, Lessee agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Security Device, and that in the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership, (ii) be subject to any offsets or defenses which Lessee might have against any prior lessor, or (iii) be bound by prepayment of more than one month's rent.

30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor alter the execution of this lease. Lesson's subordination of this Lease shall be subject to receiving assurance (a "non-disturbance agreement") from the Lender that Lessee's possession and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any such subordination or non-subordination, attornment and/or non-disturbance agreement as is provided for herein.

31. Omitted.

32. Lessor's Access; Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times for the purpose of showing the same to prospective purchasers, lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises or to the Building, as Lessor may reasonably deem necessary. Lessor may al any time place on or about the Premises or Building any ordinary "For Sale" signs and Lessor may al any time during the last one hundred eighty (180) days of the term hereof place on or about the Premises any ordinary "For Lease" signs. All such activities of Lessor shall be without abatement of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

34. Signs. Lessee shall not place any sign upon the exterior of the Premises or the Building, except that Lessee may, with Lessor's prior written consent, install (but not on the roof) such signs as are reasonably required to advertise Lessee's own business so long as such signs are in a location designated by Lessor and comply with Applicable Requirements and the signage criteria established for the Industrial Center by Lessor. The installation of any sign on the Premises by or for Lessee shall be subject to the provisions of Paragraph 7 (Maintenance, Repairs, Utility Installations, Trade Fixtures and Alterations). Unless otherwise expressly agreed herein, Lessor reserves all rights to the use of the roof of the Building, and the right to install advertising signs on the Building, including the roof, which do not unreasonably interfere with the conduct of Lessee's business; Lessor shall be entitled to all revenues from such advertising signs.

35. Termination; Merger. Unless specifically staled otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, Lessor shall, in the event of any such surrender, termination or cancellation, have the option to continue any one or all of any existing sublessee Lessor's failure within !en (10) days following any such event to make a written election to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents.

(a) Except for Paragraph 33 hereof (Auctions) or as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' tees) incurred in the consideration of. or response to, a request by Lessee for any Lessor consent pertaining to this Lease or the Premises, including but not limited to consents to an assignment a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee to Lessor upon receipt of an invoice and supporting documentation therefor. In addition to the deposit described in Paragraph 12.2(e), Lessor may, as a condition to considering any such request by Lessee, require that Lessee deposit with Lessor an amount of money (in addition to the Security Deposit held under Paragraph 5) reasonably calculated by Lessor to represent the cost Lessor wilt incur in considering and responding to Lessee's request. Any unused portion of said deposit shall be refunded to Lessee without interest. Lessor's consent to any act, assignment of this Lease or subletting of the Premises by Lessee shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent.

(b) All conditions to Lessor's consent authorized by this Lease are acknowledged by Lessee as being reasonable. The failure to specify herein any particular condition to Lessor's consent shall not preclude the impositions by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to this particular matter for which consent is being given.

37. Guarantor.

37.1 Form of Guaranty. If there are to be any Guarantors of this Lease per Paragraph 1.11, the form of the guaranty to be executed by each such Guarantor shall be in the form most recently published by the American Industrial Real Estate Association, and each such Guarantor shall have the same obligation as Lessee under this lease, including but not limited to the obligation to provide the Tenancy Statement and information required in Paragraph 16.

37.2 Additional Obligations of Guarantor. It shall constitute a Default of the Lessee under this Lease if any such Guarantor fails or refuses, upon reasonable request by Lessor to give: (a) evidence of the due execution of the guaranty called for by this Lease, including the authority of the Guarantor (and of the party signing on Guarantor's behalf) to obligate such Guarantor on said guaranty, and resolution of its board of directors authorizing the making of such guaranty, together with a certificate of incumbency showing the signatures of the persons authorized to sign on its behalf, (b) current financial statements of Guarantor as may from time to time be requested by Lessor, (c) a Tenancy Statement, or (d) written confirmation that the guaranty is still in effect.

38. Quiet Possession. Upon payment by Lessee of the rent for the Premises and the performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

39. Options. 39.1 Definition. As used in this Lease, the word "Option" has the following meaning: (a) the right to extend the term of this Lease or to renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (b) the right of lust refusal to lease the Premises or the right of lust otter to lease the Premises or the right of first refusal to lease other property of Lessor or the right of first offer to lease other property of Lessor; (c) the right to purchase the Premises, or the right of first refusal to purchase the Premises, or the right of first offer to purchase the Premises, or the fight to purchase other property of Lessor, or the right of first refusal to purchase other properly of Lessor, or the right of first offer to purchase other property of Lessor:

39.2 Options Personal to Original Lessee. Each Option granted to Lessee in this Lease is personal to the original Lessee named in Paragraph 1.1 hereof, and cannot be voluntarily or involuntarily assigned or exercised by any person or entity other than said original Lessee while the original Lessee is in lull and actual possession of the Premises and without the intention of thereafter assigning or subletting. The Options, if any, herein granted to Lessee are not assignable, either as a part of an assignment of this Lease or separately or apart therefrom, and no Option may be separated from This Lease in any manner, by reservation or otherwise.

39.3 Multiple Options. In the event that Lessee has any multiple Options to extend or renew this Lease, a later option cannot be exercised unless the prior Options to extend or renew this Lease have been validly exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary: (i) during the period commencing with the giving of any notice of Default under Paragraph 13.1 and continuing until the noticed Default is cured, or (ii) during the period of time any monetary obligation due Lessor from Lessee is unpaid (without regard to whether notice thereof is given Lessee), or (iii) during the time Lessee is in Breach of this Lease, or (iv) in the even) That Lessor has given to Lessee three (3) or more notices of separate Defaults under Paragraph 13.1 during the twelve (12) month period immediately preceding the exercise of the Option, whether or not the Defaults are cured.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a)

(c) All rights of Lessee under the provisions of an Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Lessee fails to pay to Lessor a monetary obligation of Lessee for a period of thirty (30) days attar such obligation becomes due (without any necessity of Lessor to give notice thereof to Lessee), or (ii) Lessor gives to Lessee three (3) or more notices of separate Defaults under Paragraph 13.1 during any twelve (12) month period, whether or not the Defaults are cured, or (iii) it Lessee commits a Breach of this Lease.

40. Rules end Regulations. Lessee agrees that it will abide by, and keep and observe all reasonable rules and regulations ("Rules and Regulations') which Lessor may make from time to time for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Industrial Center and their invitees.

41. Security Measures. Lessee hereby acknowledges that the rental payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its. agents and invitees and their property from the acts of third parties.

42. Reservations. Lessor reserves the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights of way, utility raceways, and dedications that Lessor deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights of way, utility raceways, dedications, maps and restrictions do not reasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

43. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

44. Authority. If either Party hereto is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after request by Lessor, deliver to Lessor evidence satisfactory to Lessor of such authority.

45. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

46. Offer. Preparation of this Lease by either Lessor or Lessee or Lessor's agent or Lessee's agent and submission of same to Lessee or Lessor shall not be deemed an offer to lease. This Lease is not intended to be binding until executed and delivered by all Panics hereto.

47. Amendments. This Lease may be modified only in writing, signed by the parties in Interest at the time of the modification. The Parties shall amend this Lease from time to time to reflect any adjustments that are made to the Base Rent or other rent, payable under this Lease. As long as they do not materially change lessee's obligations hereunder, Lessee agrees to make such reasonable non- monetary modifications to this Lease as may be reasonably required by an institutional insurance company or pension plan Lender in connection with the obtaining of normal financing or refinancing of the property of which the Premises are a part.

48. Multiple Parties. Except as otherwise expressly provided herein. if more than one person or entity is named herein as either Lessor or Lessee. the obligations of such multiple parties shall be the joint and several responsibility of all persons or entities named herein as such Lessor or Lessee.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN. AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED. THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

IF THIS LEASE HAS BEEN FILLED IN, IT HAS BEEN PREPARED FOR YOUR ATTORNEY'S REVIEW AND APPROVAL. FURTHER. EXPERTS SHOULD BE CONSULTED TO EVALUATE THE CONDITION OF THE PROPERTY FOR THE POSSIBLE PRESENCE OF ASBESTOS, UNDERGROUND STORAGE TANKS OR HAZARDOUS SUBSTANCES. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY THE REAL ESTATE BROKERS OR THEIR CONTRACTORS, AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT. OA TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES; THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE. IF THE SUBJECT PROPERTY IS IN A STATE OTHER THAN CALIFORNIA, AN ATTORNEY FROM THE STATE WHERE THE PROPERTY IS LOCATED SHOULD BE CONSULTED.

The parties hereto have executed this Lease al the place and on the dates specified above their respective signatures.

Executed at:	Executed at:
on: ----------	on: ----------
By LESSOR:	By LESSEE:
James S. Lindsey	Align Technology, Inc.
By: /s/ James S. Lindsey ----------	By: /s/ Kelsey Wirth ----------
James S. Lindsey	Kelsey Wirth
Title: ----------	Title: President ----------
Address: 18 Cypress Avenue Kentfield, CA 94904	Address: 442 Potrero Ave Sunnyvale, CA 94086
Telephone: (415) 453-2583 Facsimilie: (415) 453-8465	Telephone: (408) 738-1500 Facsimilie: (408) 738-7150
BROKER:	BROKER:
Executed at:	Executed at:
on: ----------	on: ----------
By: ----------	By: ----------
Name Printed:	Name Printed:
Title: ----------	Title: ----------

Address:	Address:
Telephone: ( )	Telephone: ( )
Facsimilie: ( )	Facsimilie: ( )

NOTE: These forms are often modified to meet changing requirements of law and needs of the Industry. Always write or call to make sure you are utilizing the most current form: AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION, 700 South Flower Street, Suite 600, Los Angeles, CA 90017. (213) 687-8777.

Addendum to
Standard Industrial/Commercial Multi-Tenant Lease - Modified Net
between
James S. Lindsey
and
Align Technology, Inc.

This Addendum is entered into this June 20, 2000, by and between James S. Lindsey ("Lessor") and Align Technology, Inc. ("Lessee") for Premises located at 881 Martin Avenue, Santa Clara, CA 95050.

This Addendum modifies the Standard Industrial/Commercial Multi-Tenant Lease - Modified Net ("Agreement"), and all "Section" references are to the numbered paragraphs of the relevant portions of the Agreement. Notwithstanding anything to the contrary set forth in the Agreement, any attachment, appendix or other document, the following terms and conditions shall apply, and all conflicting, inconsistent or additional terms or conditions shall be of no force or effect.

49. Rent. Lessee shall pay to Lessor, for each calendar month of the term, monthly base rent as shown below, in advance, on the first day of each calendar month, without prior or notice or demand.

Month	Base Rent per month
July 1, 2000 thru June 1, 2001	$167,739.00
July 1, 2001 thru June 1, 2002	$174,448.56
July 1, 2002 thru June 1, 2003	$181,426.50
July 1, 2003 thru June 1, 2004	$188,683.56
July 1, 2004 thru June 1, 2005	$196,230.90

50. Notwithstanding Paragraph 4.2(a), Lessee shall engage and pay for its own separate trash service.

51. Lessee shall not embark upon any new penetrations of the roof membrane without specific written approval by Lessor.

52. Notwithstanding Paragraph 4.2(a) (vii), if an insured loss occurs within Lessee's demised premises, then Lessee shall pay the entire insurance deductible amount, not to exceed $5000.00. In case of glass breakage upon the premises from vandalism, Lessee shall pay for the costs of replacement in excess of what is available, from insurance.

53. Notwithstanding anything contained in the Lease, Lessor shall be responsible, at Lessor's sole cost, to make repairs to the roof membrane. Should the roof membrane require replacement, Lessor shall accomplish the replacement at Lessor's sole cost. Subsequent to any roof replacement, roof maintenance and repairs shall be governed by Paragraph 4.2.

54. Paragraph 13.1 (b) is to be deleted and the following language substituted:

13.1(b)(i) The failure by Lessee to make any payment of Base Rent, Lessee's Share of Common Area Operation Expenses, or any other monetary payment required to be made by Lessee hereunder as and when due.

13.1(b)(ii) Except as expressly otherwise provided in this Lease, the failure of Lessee to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of three (3) days following written notice thereof by or on behalf of Lessor to Lessee.

55. Paragraphs 15.2, 15.3, and 31 of the Lease are hereby deleted.

56. DISCLOSURE: One of the principals of the Premises is a licensed California real estate agent acting as an agent in this transaction.

57. At the end of Paragraph 6.2(c), add "The foregoing indemnity does not apply to any Hazardous Substance or other material which is present in, on or about the Premises or the Property as of the Commencement Date or such Hazardous Substance or material which migrates to or under the Premises or the Property from outside the Property or Premises during the term of this Lease, unless due to release by Tenant or its employees, agents, contractors and invitees."

58. Notwithstanding Paragraph 7.1(a), Lessee shall not be responsible for a repair if Lessee can show that the repair is required exclusively because of a prior use.

59. The consents required of Lessor in Paragraphs 12.1 (a) and (b) shall not be unreasonably withheld by Lessor.

60. Paragraph 12.2(e) line 4, the phrase "or ten percent (10%) of the monthly Base Rent applicable to the portion of the Premises which is the subject of the proposed assignment or sublease, whichever is greater" is deleted.

61. Paragraph 12.2(g) shall be deleted.

62. Paragraph 12.2 (h) shall be deleted and the following language substituted: Lessor, as a condition to giving its consent to any assignment or subletting, may require that Lessee pay to Lessor fifty percent (50%) of sublease profits after subleasing commissions. In addition, if Lessee proposes to sublease or assign seventy percent (70%) or more of the building, then Lessor, by written notice given to Lessee prior to the effective date of the assignment or the Commencement Date of the Sublease, may cancel this Lease.

63. Paragraph 16.2 shall be modified to the effect that Lessor shall only require Lessee to furnish a financial statement once in any twelve- (12)- month period.

64. OPTION TO RENEW - ARBITRATED RENT: Lessee is given the option to extend the term subject to all the provisions contained in this Lease, except for base monthly rent, for a period of FIVE (5) years ("extended term") following the expiration of the initial term, by giving notice of exercise of the option ("option notice") to Lessor at least four (4) months but no more than six (6) months before the expiration of the initial term. Provided that, if Lessee is in default beyond any applicable notice and cure periods on the date of giving the option notice, the option notice shall be totally ineffective, or if Lessee is in default on the date the extended term is to commence, Lessor may elect that the extended term shall not commence and this Lease shall expire at the end of the initial term. The base rent shall be set at the commencement of the option period at fair market (highest and best use) rent. The parties shall have fifteen (15) days after Lessor receives the option notice in which to agree on base monthly rent during the extended term. If the parties agree on the base monthly rent for the extended term during that period, they shall immediately execute an amendment to this Lease stating the base monthly rent for the extended term. If the parties are unable to agree on the base monthly rent for the extended term within that period, then within ten days after the expiration of that period, each party, at its cost and by giving notice to the other party, shall appoint a real estate appraiser with at least five years' full-time commercial appraisal experience in the area in which the premises are located, to other party can apply to the then President of the county real estate board of Santa Clara bounty, or the Presiding Judge of the Superior Court of that county, for the selection of a third appraiser who meets the qualifications stated in this paragraph. Each of the parties shall bear one half of the cost of appointing the third appraiser and of paying the third appraiser's fee. The third appraiser, however selected, shall be a person who has not previously acted in any capacity for either party. Within thirty days after the selection of the third appraiser, a majority of the appraisers shall set the base monthly rent for the extended term. If a majority of the appraisers are unable to set the base monthly rent within the stipulated period of time, the three appraisals shall be added together and their total divided by three; the resulting quotient shall be the base monthly rent for the premises during the extended term. In no event shall the base rent at the commencement of the option period be less than the rent for the last month of the initial term. Following the exercise of the option, the rent shall be increased annually on each anniversary of the beginning of the extended term by four percent (4%).

65. Add the following language to the beginning of Paragraph 3.1: "Lessee shall have access to the premises 24 hours per day, 7 days a week".

66. Section 8.8. Insert at the beginning of Section 8.8: "Except to the extent caused by the willful misconduct of Lessor or persons under Lessor's control".

67. Section 40.0 Insert as the last sentence. "To the extent that there is a conflict between the terms of this Lease and the Rules and Regulation, the terms of this Lease shall control".

68. Notwithstanding Paragraph 51, Lessor hereby consents to Lessee's installation on the roof and penetration of the roof membrane if necessary, of: (i) additional HVAC units, as needed, (ii) a parabolic antenna and (iii) a satellite dish.

69. Notwithstanding anything to the contrary contained in Sections 6.4 or 32 or elsewhere in this Lease, except in case of emergency, neither Lessor nor any parties under Lessor's control shall enter onto the Premises unless (i) Lessor has given Lessee at least 24 hours prior notice (ii) Lessor has complied and shall comply with Lessee's security requirement (which Lessor acknowledges will be extensive, due to the extremely sensitive and confidential nature of Lessee's business), which may include but are not limited to the requirement that a representative of Lessee accompany Lessor or the parties under Lessor's control when in certain parts of the premises.

70. The terms of Article 12 of this Lease and Articles 59 through 62 of this Addendum also shall not apply to any assignment or other transfer to an entity which controls, is controlled by or is under common control with Lessee or any successor to Lessee or which succeeds, to substantially all of Lessee's assets and business by merger, consolidation, reorganization or purchase. Notwithstanding anything to the contrary in this Lease, ,for the purposes of Article 12 of this lease and Articles 59 through 62 of this Addendum, the term "assignment" shall not be deemed to include the trading of Lessee's stock on a nationally recognized exchange or pursuant to an initial public offering.

71. Lessor acknowledges that, subject to Lessor's reasonable requirements regarding design, Lessee plans to make extensive renovations to the Premises (collectively, the "Initial Improvement"). The Initial Improvements may include but shall not be limited to construction of dental lab operations, data acquisition lab operations shall be in an amount equal to the full amount required to restore the conference rooms to their original condition as of the date of full execution of this Lease, as reasonably estimated by Lessor's architect. In the event that the amount of the Conference Room Deposit is estimated by Lessor's architect to be in excess of One Hundred Thousand Dollars ($100,000), Lessee shall be entitled to provide the Conference Room Deposit to Lessor in the form of an irrevocable letter of credit. Lessor shall have recourse to the Conference Room Deposit only to the extent that such deposit is necessary to compensate Lessor for the actual cost incurred by Lessor for such restoration, and any amount of the Conference Room Deposit in excess of such actual cost shall be refunded to lessee within ten (10) days after the completion of such restoration, whether undertaken by Lessee or Lessor.

72. The phrase "Reasonable amounts of" shall be inserted before the text of Section 4.2(a)(iv).

73. The following sentence shall be inserted after the first sentence of Section 7.4(c): "Notwithstanding the foregoing, if this Lease is terminated due to damage pursuant to the terms of Article 9, Lessee shall not be required to repair any damage to the premises due to casualty upon surrender of the Premises to Lessor.".

In Witness Whereof, Align Technology, Inc., and Lessor have executed this Addendum to the Agreement as of the date first written above.

LESSOR:

By: /s/ James S. Lindsey

Date: 6-24-00

LESSEE: Align Technology, Inc.

By: /s/ Kelsey Wirth

Name: Kelsey Wirth

Title: President

Date: 6-22-00

By:

Name:

Title:

Date:

CONSULT YOUR PROFESSIONAL ADVISORS: THIS DOCUMENT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY, TAX ACCOUNTANT, GEOLOGIST OR OTHER PROFESSIONAL ADVISOR FOR APPROVAL FROM THE STANDPOINT OF PROTECTION OF YOUR INTERESTS AND RIGHTS. NO REPRESENTATION OR RECOMMENDATION IS MADE BY CPS THE COMMERCIAL PROPERTY SERVICES COMPANY, OR ITS AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS DOCUMENT OR THE TRANSACTION RELATING THERETO. ADDRESS THESE QUESTIONS TO YOUR ATTORNEY AND/OR OTHER PROFESSIONAL ADVISORS.

EXHIBIT A

[BLUEPRINT OF BUILDING]

EXHIBIT 10.6

LEASING AGREEMENT

This leasing agreement is made here at the Bhallah House, Bhalla Stop, Lahore, on this day Of September 01st, 2000.

BETWEEN

Dr. Saadia Khawar Khan Christo w/o Dr. Atta Ullah Chishti R/o Bhalla House, Bhalla Stop, Multan Road, Lahore (hereinafter called "the lessor") on the one part.

AND

Align Technology Pakistan through Ioannis Demetriades its Country Manager, Pavilion # 44, Pearl Continental Hotel, Lahore, (hereinafter called "the lessee") on the other part.

Whereby it is agreed as follows:

1. The lessor shall grant and the lessee shall accept the lease of the house known as Bhallah House, Shallah Stop, Multan Road, Lahore. The leased premises consist of a total area of over 35,000 square feet. The leased premises are made up of 10,500 square feet of covered space, and 24,500 square feet of uncovered space consisting of driveways, car and cycle stands, garden and lawn.

2. The leasing agreement is for a period of 10 years. The leasing agreement is renewable at the end of the specified term at the option of both parties, and in case the tenancy will neither be terminated nor will be renewed then the parties shall abide by the terms of the present deed.

3. The leasing fee shall be at the rate of U.S. $ 1,100.00 per month. The rent will be payable in advance on or before the 7' day of each calendar month.

4. The lessee agrees to the following:

   . To pay all races and utility charges except the house tax

   . Not to alter the premises without the lessors consent

   . To use the premises for the office of the "Align Technology Pakistan" only

   . Not to assign or sublet without the lessors consent

   . in the case of non-payment, the lessor has the right to occupy the leased premises

5. The lessor agrees to the following:

   . To white wash and color-wash every year such parts as are now White washed or color washed

. To paint the wood work every third year

6. Both the lessor and me lessee agree to me following:

. That they will have the rights and liabilities specified in section 108,' transfer of property act, 1882 except in clause (I), (J) and (M) thereof; and

. Each party will provide the other party one month's advance notice in case of termination of the leasing agreement

In witness whereof the parties have put their signatures hereunder an this 22nd day of August, 2000.

Witness Lessor

_____ _____

EXHIBIT 10.7

SHELTER SERVICES AGREEMENT BETWEEN E4
ALIGN TECHNOLOGY, INC.
AND
ELAMEX, S. A. de C. V.

SHELTER SERVICES AGREEMENT BETWEEN
ALIGN TECHNOLOGY, INC
AND
ELAMEX, S. A. de C. V.

This agreement ("Agreement") made as of this 15th day of February, 2000 by Align Technology, Inc., with principal offices at 442 Potrero Avenue (hereinafter ALIGN) and Elamex, S.A. de C.V., a company duly incorporated in the Republic of Mexico, with principal offices in Cd. Juarez, Chihuahua, Mexico, (hereinafter "ELAMEX").

A. Whereas, ALIGN desires to have ELAMEX assemble products in Mexico from parts, materials and certain equipment supplied by ALIGN (the "Product"); and

B. Whereas, ELAMEX desires to perform such services and maintains status as a Maquiladora duly authorized by the Mexican Secretary of Commerce and Industrial Development, and

C. Whereas, both parties warrant and represent that they are duly authorized to execute this Agreement, and such authorization is in full force and effect.

Now, therefore, in consideration of the mutual covenants and obligations hereinafter set forth, the parties agree as follows:

1. Manufacturing Space

1.1. ELAMEX agrees to perform the Services for ALIGN at the ELAMEX facility designated as Elamex Plant No. 11 located in the Fernandez Industrial Park, in Cd. Juarez, Chihuahua, Mexico (the "Facility"), parts, materials, production supplies, packaging material and certain equipment supplied by and belonging to ALIGN. ELAMEX shall arrange sufficient Facility and facility services ("Services") to enable it to assemble the Product. Such Facility and Services shall include, at a minimum:

1.1.1. A space of 7500 square feet for the assembly of the Product, warehousing of parts and assembled Product, offices and allocated space ("Space") as described in Exhibit A.

1.2. The Facility will have at a minimum:

1.2.1. Modern devices for the supply of heat, evaporative cooling, lighting and water,

1.2.2. Industrial electrical power, and

1.2.3. A dedicated Mexican non-toll telephone line, with extensions for the resident manager and his staff as well as normal office furnishing.

1.3. Upon request by ALIGN for additional Services, ELAMEX shall use its best efforts to provide the same in an efficient manner at a fair and reasonable cost.

2. Space Services

2.1. ELAMEX shall supply the following services, at ALIGN's expense, to the Space;

2.1.1. Utilities for heating, lighting and cooling;

2.1.2. Janitorial services, including trash and refuse removal;

2.1.3. Repair and maintenance of the Space and the Facility, and

2.1.4. Facility security.

2.2. All expenses will be charged to ALIGN with a mark up according to Exhibit B.

3. Import/Export Services

3.1. ELAMEX shall provide all necessary administrative services to effect shipment of equipment and material to and from Mexico, using the information supplied by ALIGN. ALIGN will supply such information in a timely fashion so that ELAMEX may obtain all necessary permits. Such administrative services shall include, but not be limited to, securing Mexican import permits, preparation of

required customs clearance papers, and all necessary trucking, handling, moving, and storage.

3.2. ELAMEX will provide importation of raw materials and parts from ELAMEX' warehouse in E1 Paso, Texas to Mexico, and exportation of assembled Product to El Paso, Texas, where the carriage and insurance cost concerning such importation shall be paid by ALIGN according to the schedule attached hereto as Exhibit C.

3.3. ALIGN will provide the trailer(s) as required. ELAMEX may rent trailer(s) on behalf of ALIGN, if so instructed. ALIGN shall reimburse such cost at the actual cost plus a markup according to Exhibit B.

4. Mexican Customs, Duties, Taxes and Other Charges

4.1. ELAMEX will be the importer of record for Mexican Customs purposes.

4.2. ELAMEX shall pay all Mexican customs tariffs, duties, bonds, and Mexican customs brokers' charges, and any and all other charges, fees, levies, or assessments made pursuant to Mexican law in effect as of the commencement date of this Agreement, as to the importation to and exportation from Mexico of ALIGN's Product and/or equipment. ALIGN will reimburse for any expenses incurred by ELAMEX that are not included in the Schedule of Services detailed in Exhibit C.

4.3. ALIGN will reimburse ELAMEX for its payment of the Mexican Derecho de Tramite Aduanero ("DTA") tax The DTA tax is a tax on raw materials, tools, machinery, equipment, accessories and spare parts imported into Mexico. At the present time, the DTA tax is .176% on equipment and $114.00 (One hundred and fourteen 00/100 pesos) per truck for parts, materials and assembled products.

4.4. ALIGN shall pay all imposed Mexican inventory taxes as to ALIGN's Product and equipment in ELAMEX' possession at the Facility. ELAMEX shall substantiate such taxes.

5. U. S. Customs, Duties, Taxes and Other Charges

5.1. ALIGN will be the importer and exporter of record for U. S. Customs' purposes.

5.2. ALIGN shall pay all U. S. customs tariffs, duties, bonds, and any and all other charges fees, levies, or assessments made pursuant to U. S. Customs Code as to the importation to and exportation from the U. S. of ALIGN's Product and/or equipment related to this Agreement.

6. Product Assembly

6.1. ELAMEX agrees to instruct its personnel to assemble the Product in accordance with the specifications provided by ALIGN and are attached hereto as Exhibit F Exhibit D attached hereto is a list of the various items that are currently the Product. Such Exhibit D may be modified in writing from time to time at ALIGN's convenience. ALIGN may revise its specifications at any time at its sole discretion and may use its engineering change order control procedure or other methods of communication of revisions to ELAMEX. ELAMEX agrees to comply with such revisions or promptly notify ALIGN if it is unable to comply.

6.2. The parties understand that the assembly process productivity and efficiency are the responsibility of ALIGN and will be administered by ALIGN through its representative. ELAMEX shall make available to ALIGN and to ALIGN's representative any support services in the areas of engineering, systems and quality assurance that ELAMEX has the resources to provide. The price ELAMEX will charge ALIGN for those services will be communicated to ALIGN before the rendering of such services.

7. Personnel Services and Manning Table

7.1. ELAMEX shall assign personnel to perform the transportation, receiving, handling and storage of parts and the assembly, packaging and shipment of the Product. Such personnel shall include but shall not be limited to assembly operators, material handlers, mechanics, quality control inspectors, warehousemen, test technicians and group leaders. ELAMEX shall also assign

production supervisors, superintendents and engineers to manage the assembly of the Product. ELAMEX shall provide overall project management including accounting, import/export, personnel services, quality control, and materials and production management. ELAMEX will use its best effort to ensure employee continuity. The position, numbers and levels shall be listed in a Manning Table similar to the example attached hereto as Exhibit D. The Manning Table may be modified from time to time by mutual agreement.

7.2. Should fluctuation in ALIGN's production schedules require that the number of direct or indirect labor employees be reduced, such reduction may be realized through the application of any combination of the following procedures at ALIGN's written request:

7.2.1. ELAMEX may use its best efforts to place the excess employees in one of its other operations;

7.2.2. ALIGN may instruct ELAMEX to allow for the reduction through natural attrition; and/or

7.2.3. ALIGN may instruct ELAMEX to terminate the employment of the number of excess employees through payment to them of legal severance.

7.3. The parties understand that the total number of employees assigned by ELAMEX to ALIGN according to the terms of this Agreement will at no time be less than the total number indicated on the Manning Table, except during the ramp up period which will begin on 15, 2000 and will end on May 15, 2000.

7.4. There will be no cost to ALIGN resulting from the application of the procedures described in paragraphs 7.2.1 and 7.2.2 herein. Should ALIGN opt for the application of the procedure described in 7.2.3, ALIGN shall pay ELAMEX the full amount of any severance benefits made under Mexican law. ELAMEX will notify ALIGN in writing as to the amount of such severance in advance of any such payments.

7.5. Should ALIGN's production schedules require that the number of direct or indirect labor employees be increased, ALIGN will notify ELAMEX in writing as to the number of additional personnel it will require. Requests for additional personnel shall not be in excess of 40 direct labor operators per workweek.

7.6. Exhibit D attached hereto is a description of the employee positions, the skill levels and hourly rates of the direct labor, indirect labor and overall project management. ELAMEX will not make modifications to Exhibit D without ALIGN's written approval, except as provided for in paragraph 8.1 and/or 8.2, hereinafter.

7.7. ELAMEX may require, at ALIGN's expense, a medical physical examination of all applicants before employment and will employ only those applicants who are physically able to perform their assigned tasks.

7.8. All personnel hired by ELAMEX and assigned to ALIGN to perform assembly, supervisory and administrative services shall be paid by ELAMEX. ELAMEX shall maintain all accounting, administrative payroll taxes, and required contributions and bookkeeping records pertaining to such personnel. ELAMEX also will hire a nurse to be on the premises, as required bylaw. Neither ELAMEX nor any of its employees shall in any sense be considered an employee or an agent of ALIGN, nor shall ELAMEX employees be entitled or eligible to participate in any benefit or privileges given or extended by ALIGN to its employees. ALIGN agrees not to hire any Mexican national employees during the Term of this Agreement except for plant managers, which will be on ALIGN's U. S. A. payroll.

7.8.1. Mexican national personnel employed by either by ALIGN or by a Mexican contractor retained by ALIGN to provide it with assembly or manufacturing prior to the date of execution of this Agreement, will not constitute a breach by ALIGN of its obligation under the terms of this paragraph 7.8.

7.8.2. After the ramp up period as defined in paragraph 7.3 hereinabove, should ELAMEX not comply for more than two consecutive weeks with the request with for additional personnel up to the maximum number of direct labor employees as provided for in paragraph 7.5 hereinabove, ALIGN may seek second source in Mexico for manufacture of the Product.

7.9. For the following eighteen (18) months after termination, ALIGN covenants and agrees not to hire any of ELAMEX' active or inactive management employees without ELAMEX' written consent.

8. Invoicing and Other Charges

8.1. ALIGN shall reimburse ELAMEX any and all expenses incurred by ELAMEX in accordance with the terms of this Agreement, plus additional percentage of those expenses according to the schedule on Exhibit B.

8.2. Invoices shall be submitted weekly by ELAMEX to ALIGN's representative for review and approval. A listing of all expenses for which ELAMEX requires reimbursement shall be attached to each invoice. ALIGN agrees to pay such invoices in U. S. dollars within 20 calendar days of the date of the invoice. ALIGN further agrees to pay ELAMEX a late payment charge to be calculated at the annualized rate of 18%, accruable per day from the date that payment is due through the date that payment is received by ELAMEX or ELAMEX' bank. For invoicing purposes, each week shall be in on Monday at 12:00 a.m. and end on Sunday at 11:59 p.m.

8.3. All payroll and non-payroll related expenditure must be approved by one of ALIGN's authorized representatives. All non-payroll expenditures will be authorized prior to their being incurred.

8.4.

8.5. The persons authorized by ALIGN to approve expenditures and examples of their respective signatures are listed and attached hereto as Exhibit E.

8.6. ALIGN will reimburse and pay ELAMEX all government mandated expenses related to any employee severance or termination in connection with any and all employees hired at ALIGN's discretion at the actual cost plus a markup according to Exhibit B.

8.7. ALIGN further agrees to reimburse and pay ELAMEX any out-of-pocket cost arising from or pursuant to ELAMEX compliance with applicable laws, regulations, policies, rulings, directive and any other requirement (including ALIGN'S written requests) concerning the environment, health and/or safety requirements resulting from the use of certain materials and processes in the assembly of the Product.

8.8. If ALIGN fails to pay timely, as required by the teams of this Agreement, any of its indebtedness to ELAMEX, ALIGN hereby agrees to assign and make over to ELAMEX all of its interest in all inventory of raw materials, work-in-process, and finished goods of ALIGN, while the same are on the premises of the Facility or otherwise under the control or possession of ELAMEX, in order to secure all present and future indebtedness of ALIGN to ELAMEX ALIGN must advise ELAMEX in writing, before the execution of this Agreement, of any prior lien or interest granted on such items. In addition, ALIGN warrants and hereby represents to ELAMEX that no other entity shall be granted any interest in such items without the prior written approval of ELAMEX.

8.9. Payment shall be addressed to ELAMEX via wire transfer in The United Stares of America.

9. Term

9.1. The initial term ("Term") of this Agreement shall be for a period of one (1) year commencing on 6, 2000 ("Commencement Date"). ALIGN shall have the option to renew this Agreement in its entirety for successive periods of one (1) year each. Renewal of this Agreement for such successive one (1) year periods shall be automatic and irrevocable, unless ELAMEX or ALIGN request that the Agreement not be renewed and such request is received by the other party at least

one hundred and eighty (180) days prior to the end of the first one (1) year term or any successive term thereafter.

10. Early Termination and Termination Options

10.1. Upon termination or expiration of this Agreement, and provided that ALIGN has paid or tenders at the date of termination all sums due ELAMEX hereunder, the options described in Sections 10.1.1 and 10.1.2 maybe exercised by ALIGN.

10.1.1. ALIGN may request an orderly shutdown of the assembly operation. Return of materials, tools, parts, Equipment, and other related property of ALIGN by ELAMEX shall be completed at ALIGN's expense. Furthermore, ALIGN agrees to:

10.1.2. Pay all severance costs of the applicable ELAMEX personnel as specified in Section 10.3(a); or

10.2. ALIGN may request that all Services and employee-related contracts and obligations be transferred from ELAMEX to ALIGN's Mexican affiliate (the "Affiliate") to be incorporated by ALIGN for such purpose as follows:

10.2.1. The ELAMEX employees that occupy the positions listed on the then current Manning Table shall be transferred to the Affiliate on ALIGN's request. The costs arising therefrom, including but not limited to legal expenses and employee severance for employees not transferred, if any, shall be borne by ALIGN; and

10.2.2.

10.3. In the event ALIGN terminates this Agreement in violation hereof before the end of the Term, or breaches this Agreement, it shall pay liquidated damages consisting of (i) the average of the monthly administrative fee for each month until the end of the term of the Agreement or for six months, whichever is shorter, (ii) the legal severance costs as required by Mexican law, (iii) any labor and operating costs then owed to ELAMEX by ALIGN under Section 8. In the event

this Agreement is extended for one (1) or more term, ALIGN'S obligation to the payment of liquidated damages will be equal to the end of the then current term or for 90 days which ever is shorter.

11. Warranties

11.1. ELAMEX and ALIGN mutually represent, covenant and warrant as follows:

11.1.1. Neither party nor any officer, director, controlling shareholder, or employee of either party a prohibited by any agreement, contract, of other obligation from engaging in the services to be performed pursuant hereto;

11.1.2. Neither the execution of this Agreement nor compliance with the terms and conditions hereof shall constitute a breach of any statute, ordinance, law, or regulation of any governmental authority or of any instrument or document to which either party is or may be bound;

11.2. Each party shall perform all of its mutual obligations created by the terms of this Agreement in compliance with all applicable U.S. and Mexican laws and regulations. A party shall not be considered in default or breach of this Agreement, however, if it fails to perform all of its obligations created by the terms of this Agreement in compliance with all applicable U.S. and Mexican laws and regulations, because of, in connection with, or pursuant to the other party's acts or failure to act.

11.3. Each party shall indemnify, defend, and hold the other party harmless from and against any and all claims, lawsuits, costs, customs penalties, damages, expenses, and liabilities of whatsoever nature and kind (including, but not limited to, attorney's fees and legal assistant's fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), as incurred, directly or indirectly related to or arising from, the breach or untruthfulness of any of the representations and warranties of this Agreement or such party's failure to comply with the terms of this Agreement or U.S. and Mexican laws and regulations applicable, including any obligation derived from Mexican labor law, IMSS law,

INFONAVIT law, income tax law and State and Federal payroll tax laws and any other law or legal provision so long as the indemnified party is not in material fault with respect thereto.

12. Relationship of the Parties

12.1. Nothing contained in this Agreement shall be construed to imply a joint venture, partnership, or principal-agent relationship between the parties, and neither party, by virtue of this Agreement, shall have any right, power or authority to act or create any obligation, expressed or implied, on behalf of the other party. Neither shall this Agreement be construed to create a light, expressed or implied, on behalf of or for use of any parties, aside from ALIGN and ELAMEX, and ALIGN and ELAMEX shall not be obligated, separately or jointly, to any third parties by virtue of this Agreement.

13. Insurance

13.1. Insurance coverage of ALIGN's property that is in ELAMEX' possession will be by ELAMEX under a "Special Causes of Loss" form, subject to the terms, conditions and exclusions of ELAMEX' insurance policies. ELAMEX is to provide coverage up to an amount of $500,000 for the benefit of ALIGN and naming ALIGN as an additional insured. ALIGN will be responsible for the amount of any deductible. To be certain that the amount ELAMEX provides to the insurance carrier is adequate, it is incumbent upon ALIGN to notify ELAMEX immediately in writing of any need to increase or decrease insurance amounts on ALIGN replacement value of machinery, equipment and value of inventories in ELAMEX' possession. ELAMEX, through its insurer, will also provide a maximum of $2,000,000 sub-limit on flood insurance per location. This limit is shared by ELAMEX and all of its customers and will be prorata based on ALIGN'S limits as a portion of the total limit of all ELAMEX' customers and ELAMEX. ELAMAX shall give ALIGN an opportunity to review and approve the policy and shall provide a certificate evidencing such insurance with a

provision that coverage may not be canceled without 30 days prior notice to ALIGN. This certificate will fulfill ELAMEX' obligation under this paragraph.

13.2. The parties release each other, and their respective authorized representatives, from any claim for damage to any person or to the Facility and the fixtures, personal property, improvements and alterations in or to the Facility that are caused by or result from risks insured against and paid for under any insurance policies carried by the parties or in force at the time any such claim arose.

14. Notices

14.1. All notices required to be sent to either party to this Agreement shall be in writing and sent by FedEx, DHL, UPS or registered or certified mail, postage or delivery prepaid, return receipt requested, to the address of the other party hereto, as set forth below, or to such other addresses as may hereafter be designated in writing:

14.1.1. As to ALIGN.

Company

Address

City, State, Zip

Telephone:

Fax:

Attention: Mr.

14.1.2. As to ELAMEX:

Elamex, S. A. de CV.
220 North Kansas, Suite 566
(closest US port of entry), TX 79901
Attention: Mr. Hector Raynal, President and CEO
Telephone: (915) 774-8236
Fax: (915) 774-8377

14.1.3. Notice shall be effective five business days after receipt is confirmed.

15. Force Majeure

15.1. Anything herein to the contrary notwithstanding, ELAMEX shall not be required to perform any term, condition, or covenant in this Agreement if such performance is delayed or prevented by Force Majeure ("Force Majeure") which, for purposes of this Agreement, shall mean the following: acts of God, strikes, lockouts, material or labor restrictions imposed by any governmental authorities, suspension of civil rights, floods, and any other causes not reasonably within the control of ELAMEX, which by the exercise of due diligence ELAMEX is unable, wholly or in part, to prevent or overcome and which prevent the performance by either party of the terms of this Agreement.

15.2. If a Force Majeure continues for more than thirty (30) consecutive days, ALIGN or ELAMEX may terminate this Agreement after thirty (30) consecutive days of a Force Majeure by providing thirty (30) days written notice to the appropriate party of such termination, provided such notice is sent while performance of this Agreement is prevented by such Force Majeure, and in that event, ELAMEX will transfer ALIGNS property to ALIGN in (closest US port of entry), Texas, at ALIGNS expense provided all Mexican, customs requirements are satisfied. ALIGN's entire obligation to ELAMEX after such termination will be the payment of any unpaid amounts due to ELAMEX as stated in paragraph 8 plus employee severance costs.

16. Bailment

16.1. Property delivered by ALIGN to ELAMEX under the terms of this Agreement is deemed to be bailed to ELAMEX for ALIGN's benefit. The initial property to be bailed to ELAMEX is described in Exhibit D attached. All Product and other items bailed to ELAMEX shall be described in a pedimento, separate from any goods owned by any other person, entity, or organization, including ELAMEX. It shall be ELAMEX' responsibility to ensure that the bailed property is insured, which cost shall be borne by ALIGN. ALIGN may, at its option, procure its own insurance.

16.2. The bailment is a free bailment. ALIGN will provide equipment, raw materials and other items to ELAMEX, free of charges, subject to the terms of this Agreement.

16.3. ALIGN agrees to deliver equipment, raw materials and other items to ELAMEX, and ELAMEX agrees to accept delivery of such, in accordance with the terms described herein.

16.4. ELAMEX agrees:

16.4.1. to use the equipment, raw materials and other items exclusively to carry out activities required to manufacture the Product for the benefit of ALIGN;

16.4.2. to use such equipment, raw materials and other items in accordance with industry standards and the corresponding laws, regulations, norms, ordinances and rules in force in Mexico; and

16.4.3. that the equipment, raw materials and other items shall not be used outside the Facility, except with the prior written consent of ALIGN. ELAMEX may not use or permit the use of the equipment, raw materials and other items in any manner so as to cause ALIGN or the owner of such to lose deductions, credits or other benefits of ownership thereof.

16.5. ELAMEX shall promptly notify ALIGN of knowledge of any damage to equipment, raw materials or other items.

16.6. Upon delivery to ELAMEX, equipment will bear marks showing that ALIGN owns such. ELAMEX shall ensure that equipment remains so marked throughout the term of this Agreement.

16.7. ALIGN or its designated agent shall have the right, from time to time, to inspect equipment, raw materials, Product and ELAMEX records and books with respect to such at any reasonable time. Such inspections will be allowed during normal office hours and be requested three (3) days prior to the date of inspection.

17. Arbitration

17.1. Commercial Nature. The parties hereto recognize this Agreement is of a commercial nature and will be construed in accordance with applicable commercial laws. All disputes, controversies or claims (Hereinafter singularly, "Controversy" and collectively, "Controversies") arising out of this Agreement shall be settled by binding arbitration pursuant to the following express procedure:

17.2. Applicability. All Controversies arising in connection with this Agreement shall be settled by mutual consultation in good faith between the parties as promptly as possible, but in any event within five (5) calendar days from the date the other party was formally notified in writing of the Controversy. If the parties fail to reach an amicable settlement within such term, the Controversy shall be settled by binding arbitration using the procedural rules of the American Arbitration Association ("AAA") in effect upon the execution of this Agreement, with the following exceptions: i) at the request of either party, the arbitral tribunal may take any interim measures it deems necessary respecting the conduct of the business affairs of the parties, including measures to preserve the status quo in existence immediately prior to a certain date and measures for the conservation or protection of the assets of the parties; ii) while the parties shall be bound by the AAA procedural rules, the parties shall not be required to choose a AAA arbitrator, except in the case set out in section 17.6 below.

17.3. Exclusive Method. The parties hereto agree that such arbitration shall be the sole and exclusive method of resolving any and all Controversies. Until completion of such: procedures, no party may take any action not contemplated herein to force a resolution of the Dispute by any judicial, other arbitral or similar process, except to the limited extent necessary to (i) avoid expiration of a claim that might eventually be permitted hereby or (ii) obtain interim relief, including injunctive relief, to preserve the status quo or prevent irreparable harm.

17.4. Request for Arbitration. A party may at any time serve its request for arbitration upon the other in accordance with the notice provisions of this Agreement. Such request for arbitration shall formally request arbitration and shall specify in detail the reasons therefore, the amount involved, if any, and the particular remedy sought.

17.5. Response. The party that has not requested arbitration shall respond to the request for arbitration within ten (10) calendar days of receipt of such notice by delivering a written response in accordance with the notice provisions of this Agreement. The response shall describe counterclaims, if any, the amount involved, and the particular remedy sought. If a party farts to respond within the allotted time to the request for arbitration, the arbitrator selected pursuant to paragraph 17.6 below shall resolve the Controversy within thirty (30) calendar days counted as of the deadline for such response.

17.6. Appointment of Arbitrator. The parties agree to choose the person who shall act as arbitrator within five (5) working days following the date of delivery of the request for arbitration. The patties will not be required to choose a AAA arbitrator within this five-day period. If the parties do not reach an Agreement regarding the arbitrator within of five (5) working days, the arbitrator shall be appointed by the AAA pursuant to its Rules within a period of ten (10) working days from the date of delivery of the request for arbitration by the party requesting the arbitration, and for such purposes the parties waive their right to appoint an arbitrator and agree to accept the appointment made pursuant to the criteria of the AAA.

17.7. Qualified Arbitrator. The arbitrator selected in accordance with paragraph 17.6 above shall be an individual not related to or employed at any time by either of the parties or any of their affiliates.

17.8. Place of Arbitration. All arbitration sessions hereunder shall beheld and conducted at a site in (closest LS port of entry), Texas chosen by the responding party.

17.9. Arbitration Hearing; No Discovery. The arbitration hearing shall commence within thirty (30) calendar days of appointment of the arbitrator. The hearing shall in no event last longer than two (2) calendar days. There shall be no discovery or dispositive motions (such as motions for summary judgment or to dismiss or the like) except as may be permitted by the arbitrator, and any such discovery or dispositive notions permitted by the arbitrator shall not in any way extend the time limits contained herein. The arbitrator shall not be bound by any rules of civil procedure or evidence other than the applicable rules of the AAA, and may require the parties to submit some or all of their case by written brief such other manner as the arbitrator may determine. It is the intention of the parties to limit live testimony and cross examination to the absolute minimum necessary to ensure parties receive a fair hearing on significant and material issues.

17.10. Remedies. The arbitrator shall not extend, modify or suspend any of the terms o Agreement, but shall have the authority to assess damages sustained by reason of breach of this Agreement and to make an award as he or she sees fit. In the event either party fails to appear at any properly noticed arbitration proceeding, an award ma entered against such party by default. The decision of the arbitrator shall be final binding on all parties.

17.11. Language. The arbitration shall be conducted in English.

17.12. Arbitrator's fees. The arbitrator shall be compensated at no more than the star hourly rate charge by arbitrators appointed by the AAA. The prevailing party shall be entitled to recover from the non-prevailing party all costs and expenses of the arbitration, including the arbitrator's Fees and reasonable attorneys' fees.

17.13. Applicable Law and jurisdiction. The applicable commercial laws of Texas govern this Agreement. The parties acknowledge that any competent courts, wherever located, shall have jurisdiction to enforce the arbitral awards) issued pursuant to arbitral procedure, and the parties expressly waive their right to the

jurisdiction that by reason of their present or future domiciles or by any other reason under which they fall.

17.14. Performance of the Parties' Obligations. The parties agree to continue performing respective obligations under this Agreement while the Controversy is being resolved.

17.15. Confidentiality. All matters relating to any arbitration hereunder shall be designate confidential information, shall be maintained in strict confidence by the AAA arbitrator, and the parties, and shall be deemed to have been delivered in furtherance of Dispute settlement and shall be exempt from discovery and production, and shall not be admissible in evidence (whether as an admission or otherwise), in any arbitral or proceeding for the resolution of the Dispute or otherwise.

17.16. Post Award Interest. The award of the arbitrators shall be in dollars and shall bear interest, until paid, at an annual rate equal to twice the prime rate as recorded in the Wall Street Journal on the of the award (or if such date is not a business day on the next business day).

18. Environmental Indemnity

18.1. ALIGN shall have no liability and ELAMEX shall indemnify, defend and hold harmless ALIGN and its agents and representatives against any and all claims, judgments, ages, encumbrances, liens, reasonable attorney's fees and reasonable consultant fees, as incurred to the extent they arise from violations of law, regulations or norms related to Hazardous Substances (as hereinafter defined) at or about the Facility caused or permitted by ELAMEX, its agents, employees, contractors or invitees.

18.2. ELAMEX shall have no liability and ALIGN shall indemnify, defend and hold harmless ELAMEX and its agents and representatives against, any and all claims, judgments, damages, encumbrances, reasonable attorney's fees and reasonable consultant fees, as incurred, to the extent they arise from violations of law,

regulations or norms related to Hazardous Substances (as hereinafter defined) at or about the Facility caused directly by the independent acts or omissions of ALIGN's representatives, its agents, employees, contractors or invitees.

18.3. For the purposes hereof, the term "Hazardous Substance" shall mean (i) any substance, chemical or wastes that are listed or defined as hazardous, toxic or dangerous under Mexican Federal and State Law, including ecological norms and regulations, or the Comprehensive Environmental Response Compensation and Liability Act 142 U.S.C 9601 et seq., and (ii) radioactive materials, petroleum or hydrocarbons.

19. Default

19.1. A party may terminate this Agreement immediately upon written notice to the other, unless otherwise specified herein, upon the occurrence of any of the following events:

19.2. The commission of a breach of any undertakings, obligations or covenants contained herein and the failure to cure the breach, within thirty (30) days after written notification thereof;

19.3. If any petition in bankruptcy has been filed by or against a party, or any order shall be issued or any resolution passed for the winding up, liquidation or dissolution of a party, or if a receiver shall be appointed for a party or its property, or if any substantial portion of its goods or property shall be taken in execution, or if a party shall cease to be a going concern, or makes an assignment for the benefit of creditors; or

19.4. Any assignment by a party hereto in violation of this Agreement of all or any portion of its rights or obligations under this Agreement to any person or entity.

20. Miscellaneous

20.1. The terms and provisions contained herein constitute the entire agreement between the parties and shall supersede all previous communications, oral or

written, between the parties hereto concerning the subject matter of this Agreement. No agreement of understanding varying or extending the same shall be binding upon either party hereto unless in writing and signed by a duly authorized officer or representative thereof.

20.2. Each individual executing this Agreement on behalf of a corporation represents and warrants that he is duly authorized to execute and deliver this Agreement on behalf of said corporation in accordance with a duly adopted resolution of the Board of Directors of said corporation, a copy of which shall be delivered within fourteen (14) days of the execution of this Agreement.

20.3. All covenants and agreements of ELAMEX and ALIGN which, by their terms or by reasonable implication, are to be performed, in whole or in part, after the expiration or termination of this Agreement, shall survive such expiration or termination for any reason.

20.4. If, for any reason, any provision(s) of this Agreement is/are determined to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remaining provisions of this Agreement.

20.5. All exhibits/schedules referenced in this Agreement may be modified, amended, or changed as approved in writing by the parties to this Agreement. Such written approval shall indicate the date said modification, amendment, or change is effective and be signed by all parties to this Agreement.

20.6. This Agreement was prepared following arm's length negotiations between the parties and is to be deemed as prepared jointly by the parties hereto. In the event of any uncertainty or ambiguity existing in this Agreement, it shall not be interpreted against either party but according to the application of general rules of construction and interpretation of contracts.

20.7. This Agreement tray be executed in identical counterparts, in which event, each of said counterparts shall be deemed an original. All such counterparts taken together shall constitute one and the same instrument.

20.8. Time is of the essence of this Agreement. No failure by a party to take action on account of any default by the other party, whether in a single instance or repeatedly, shall constitute a waiver of any default or of the required performance. No expressed waiver by a party of any provision or performance hereunder or any default by the other party shall be construed as a waiver of any future provision, performance, or default.

20.9. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No obligation or requirement contained in this Agreement may be assigned to or assumed by another entity without the express written consent of the parties hereto, except that ELAMEX may assign performance of all or part of its duties to a subsidiary without affecting any obligation of ELAMEX imposed by this Agreement.

20.10. The titles and headings contained in this Agreement are for convenience only and shall have no substantive effect. As used herein, the phrase, "this Agreement" or "the Agreement" shall be deemed to include all exhibits and schedules referenced herein. The English language version of this Agreement shall control over a Spanish version, if any, hereof.

In Witness whereof, the parties hereto have executed this Agreement as of _____.

Elamex, S. A. de C. V.	Align Technologies, Inc.
By: Hector M. Raynal	By: _____
Title: President and CEO	Title: _____
Date: _____	Date: _____
Witness:	Witness:
By: _____	By: _____
Date: _____	Date: _____

[ORGANIZATIONAL CHART]

[ALIGN TECHNOLOGY PAKISTAN CHART]

Exhibit 10.8

September 7, 1999

Mr. Zia Chishti
Align Technology, Inc.
442 Potrero Avenue
Sunnyvale, CA 94086

Re: Joint Development Program

Dear Mr. Chishti::

Reference is made to earlier discussions and joint work between personnel of 3D Systems, Inc. ("3D") with personnel of Align Technology, Inc. ("ALIGN") and the December 14, 1998 and January 9, 1999 Confidentiality and Non-Disclosure Agreements between these two organizations in which both corporations pledged to safeguard and not disclose the Confidential Information of the other.

In those earlier discussions, the ALIGN personnel outlined ALIGN's extensive experience with build styles to make dental alignment tools. The 3D personnel outlined 3D's research experience and marketing efforts regarding its SLA 7000 imaging system technology, including but not limited to its special stereolithographic build styles.

It is now anticipated that joint laboratory testing and analysis of the testing results will be conducted at both 3D's and ALIGN's facilities dining the next twelve (12) months studying the efficacy of 3D's SLA 7000 imaging system with respect to ALIGN's total build style and speed in making dental alignment tools.

Therefore, 3D and ALIGN wish to enter into a joint development program. The primary objective of this program will be to jointly develop special build styles for use on the SLA 7000 imaging system that will produce dental alignment tools. Other objectives will be to share system technological information on how to reduce "dead" time in the SLA 7000 imaging system, and to otherwise make the building of such tools more efficient.

In consideration of the premises set forth above, 3D and ALIGN agree to the following conditions for this joint development program.

1. Term of Agreement

This agreement shall be in effect for a period of one (1) year from the date of full execution of this Letter Agreement, after which period the results of the program will be reviewed and a joint

determination of additional work, if any, or further Agreements, if any, will be made. 3D and ALIGN may before or at that time extend or renew this Agreement by a written document on mutually acceptable terms.

2. Work Agenda

The agreed to planned project and milestone chart for this development work is attached hereto as Appendix A. Immediately upon full execution of this Agreement, representatives from both 3D and ALIGN will periodically meet to discuss a detailed work agenda in line with the planned project and milestone chart. Work will then proceed according to that mutually agreed upon agenda.

3. Furnished Resources and Place of Work

ALIGN and 3D agree to provide the necessary equipment at their respective facilities in Sunnyvale, California and Valencia, California for the development work. ALIGN and 3D agree that they will independently supply sufficient quantities of resin material for this development work. It is agreed that the work will be carried on at both ALIGN and 3D's facilities, as needed.

4. Compensation

Each party shall bear its own cost. 3D shall pay the substantial Non-Recurring Engineering costs necessary to reduce dead time and optimize build styles. In consideration of this, and to assure consistent quality and performance, ALIGN agrees to use only 3D supplied materials in its SLA imaging systems.

5. Confidentiality of Information

(a) Information exchanged between ALIGN and 3D under this Agreement may include business or technical information which is confidential to the respective parties (hereinafter referred to as Confidential Information). The parties agree to treat such Confidential Information received hereunder as follows:

(1) The party receiving Confidential Information will exercise the same degree of care to prevent disclosure of the Confidential Information for the period specified below as it takes to preserve and safeguard its own Confidential Information but, in any event, no less than a reasonable degree of care.

(2) The obligations of the receiving party, contained in Paragraph (1) above, shall not apply to any Confidential Information which:

a) is already known to the receiving party or is independently developed by it;

b) is publicly available or becomes publicly available without a breach of agreement by the receiving party,

c) is rightfully received by the receiving party from a third party;

d) is furnished by the disclosing party to a third party without a similar restriction of the third party's rights;

e) is not either (i) first disclosed in writing and identified thereon as confidential or proprietary, or (ii) if first disclosed orally, identified as confidential or proprietary at the time of oral disclosure, reduced to writing and identified thereon as confidential or proprietary by the disclosing party and the writing delivered to the receiving party within thirty (30) days after oral disclosure; or

f) is the subject of a subpoena or a demand for production of documents in connection with any suit or arbitration proceeding, any administrative procedure or before a governmental or administrative agency.

(3) All information which is deemed to be Confidential Information hereunder and which is disclosed by either party hereunder during the term hereof, shall be safeguarded as required by Paragraph (1) above by the receiving party for a period of five (5) yews from the date of disclosure, unless earlier specifically released by the disclosing party in a duly executed writing or made available from examination of a product made publicly available by the disclosing party.

(4) Unless explicitly stated otherwise, in this Agreement, the parties agree that no party is under any obligation to disclose Confidential Information by virtue of this Agreement. The parties recognize that from time to time during the term of this Agreement one party may wish to disclose information of character which is considered by such party to be so highly proprietary that additional restrictions on use or disclosure must be agreed to by the receiving party prior to disclosure. In such event, the parties agree that such information shall not be subject to this Agreement, but that the parties shall attempt to negotiate a separate Agreement governing the disclosure of such information prior to its disclosure.

(5) In the event of a breach of any of the obligations stated in this Confidentiality Clause, the injured party may proceed against the other party in law or in equity for such damages or other relief as a court may deem appropriate, consequential and indirect damages excepted.

6. Ownership of Developed Know-How

All know-how resulting from this joint development effort will be jointly owned, provided that jointly developed know-how related specifically to dental alignment shall only be used by 3D and ALIGN themselves and not by or through third parties. ALIGN shall we such inventions directly internally or indirectly by having 3D provide the required dental alignment tools for ALIGN. 3D owns all know-how, inventions, and patents issuing thereon for 3D's work carried out prior to the starting date of this joint effort. ALIGN owns all know-how, inventions, and patents issuing thereon for ALIGN'S work carried out prior to the starting date of this joint effort.

7. Patentable Inventions

Any patentable invention, made under this agreement shall be owned by the party making it, if a sole inventor or jointly with the other party if jointly made. However, joint inventions related specifically to dental alignment shall only be used by 3D and ALIGN themselves and not by or through third parties. ALIGN shall use such inventions directly internally or indirectly by having 3D provide the required dental alignment tools for ALIGN. The parties agree to cooperate in executing any necessary patent documents for filing for patent protection on such inventions. Each party agrees to cooperate, at the other party's reasonable request, in the preparation of patent applications and in executing patent documents for obtaining patent protection on such inventions. The cost of preparing, filing, and prosecuting patent applications will be borne by the party owning the patent rights.

8. 3D's Right to Market Jointly Developed Know-How and Patents

With respect to any ALIGN sole invention or any ALIGN interest in any Joint Invention made in connection with or which is a result of any exchange of Confidential Information between ALIGN and 3D, ALIGN hereby grants to 3D a permanent and royalty-free non-exclusive license to use the same in its own operations and a permanent and royalty bearing right to grant sublicenses to third parties to use the same at a reasonable royalty to be agreed upon by and between ALIGN and 3D.

With respect to any 3D sole inventions or any 3D interest in any Joint Invention made in connection with or as a result of any exchange of Confidential Information between ALIGN and 3D, 3D hereby grants to ALIGN a non-exclusive, royalty-free and permanent license to use the same in its own operations, with no right to grant sublicenses to third parties.

9. Independent Contractors

Each party will perform its obligation as an independent contractor and will be solely responsible for its own financial obligations. This Agreement will not create a joint venture, partnership, or

principal and agent relationship between the parties. Neither party will have the authority or will represent that it has the authority to assume or create any obligation, express or implied, on behalf of the other, except as expressly provided in this Agreement.

10. Liability for Injury

Each party will indemnify and hold the other party harmless from all loss and liability on account of claims of personal injury, death, and/or property damage resulting from any negligent act or omission by the party, including that party's agents, employees, or subcontractors in the course of performing this Agreement.

11. Rights or Obligations

No rights or obligations other than those expressly recited herein are to be implied from this Agreement. Nothing herein shall in any way affect the present or prospective rights of the parties under the patent and copyright laws of any country, or be construed as granting any license under any present or future patent or application therefor of any party, or preclude the marketing of any product of a party, except as provided by patents and copyrights.

12. Assignment and Binding Effect

This Agreement may not be assigned by either party without the prior written consent of the other party, except to a successor of the total business of the assigning party, which consent shall not be unreasonably withheld. This Agreement shall be binding upon the parties hereto, their successors, legal representatives, and permitted assigns, and all parties that control, are controlled by, or are under common control of a party hereto.

13. Governing Law

This Agreement will be interpreted in accordance with the laws of the State of California.

14. Termination

Either party shall have the independent right to terminate this Agreement at any time, prior to its normal expiration date, by giving the other party a thirty (30) day written notice to that effect. Paragraphs 5, 6, 7, 8, 10, 11, and 12 shall survive the termination or expiration of this Agreement.

15. Entire Agreement

This is the entire Agreement between the parties relating to the subject matter hereof, and supersedes and replaces any prior agreements or understandings, written or oral, relating thereto.

This Agreement shall not be amended or modified except in a writing duly executed by officers or authorized representatives of the parties.

If ALIGN agrees to the foregoing, please sign and date both duplicate copies of this Letter Agreement and then return one copy to 3D. Upon 3D's receipt of the completely signed copy, this Agreement shall become a binding Agreement between 3D and ALIGN.

Yours truly,

3D SYSTEMS, INC.

By:_____

Title:_____

Date:_____

ACCEPTED AND AGREED TO:

ALIGN TECHNOLOGY, INC.

By:_____

Title_____

Date:_____

RD.jg
Attachment - Appendix A

APPENDIX A

Planned Project and Milestone Chart for
Align Technology and 3D Systems
Joint Development of Optimized Build Style

8/30/99	Initial team meeting with Align Technology and 3D Systems in Valencia, California, to develop a solution approach (project plan) for optimizing the SLA 7000 system for Align's specific application requirements. The proposed plan places an SLA 7000 system (rental program) at Align's Sunnyvale facility. Align will have access to parameter freedom and specially developed build styles.
8/31/99	3D determines availability of personnel and equipment.
9/3/99	SL 5410 placed in SLA 500 system (3D, Valencia) to warm up in preparation for single hatch build run of 72 arcs. 72 arcs built on SLA 7000 system with 0.006" layer thickness and standard hatch style. Actual build time: 7:08.
9/7/99	Built 72 arcs with single hatch build style on SLA 500 system with SL 5410 to gain experience with the single hatch style. Built 72 arcs with custom developed (first iteration) of a single hatch style on the SLA 7000 system.9/8/99 3D eliminates some fill vectors and builds 72 arcs with single hatch style.
9/9/99	3D attempts to reduce "dead" time with software changes. Align makes payment of $26,000 for the first month rental fee for an SLA 7000 system rental under the 3D SLA Rental Program.
9/10/99	Proposed ship date for SLA 7000 rental system.
9/17/99	Proposed delivery and installation of SLA 7000 rental system at Align.
9/22/99	Technology installation of SLA 7000 system at Align complete.
9/23/99-10/25/99	Align continues work to optimize parameters on operating SLA 7000 system with at least weekly feedback to Scot Thompson at 3D during initial reporting period in preparation for a potential larger scale implementation.

SOFTWARE LICENSE

3D SYSTEMS INC.

CUSTOMER ADDRESS	INSTALLATION SITE ADDRESS
ALIGN TECHNOLOGY, INC. 442 Potrero Avenue Sunnyvale, CA 94086 Attn: Len Hedge Phone: (408) 738-1500 Facsimile: (408) 738-7150	ALIGN TECHNOLOGY, INC. 442 Potrero Avenue Sunnyvale, CA 94086

SOFTWARE INFORMATION

ITEM	PRODUCT NO.	PRODUCT DESCRIPTION
1		SLA 7000 Buildstation Software
2		3D Lightyear Windows NT Part Preparation Software

OFFER AND ACCEPTANCE

PLEASE READ:

This document, when signed by Customer, is an acceptance by Customer to 3D's offer to license from 3D the Software listed above on the terms and conditions attached hereto. Please read all of the terms and conditions carefully. If accepted by 3D, an authorized officer will sign the Agreement in the space below and it will become a License Agreement.

DATE PROPOSED	PROPOSAL VALID UNTIL

OFFERED BY:	ACCEPTED BY:	3D SYSTEMS, INC. 26081 Avenue Hall Valencia, California 91355 (805) 285-5600 FAX (805) 257-3205
CUSTOMER NAME_____		
BY:_____DATE_____	BY_____ DATE_____	
TITLE_____	TITLE_____	

SOFTWARE LICENSE AGREEMENT
TERMS & CONDITIONS

1. GENERAL PROVISION - 3D has developed proprietary computer programs and related information (Software) intended to increase the utilization and effectiveness of equipment manufactured by 3D. If either party believes that other matters beyond those covered in this Agreement, that party will (a) write them on the front of this Agreement or (b) staple a copy or description of them to this Agreement and initial them before signing; otherwise, they are not included as part of this Agreement for the license for the use of the Software. Provided Customer has signed this Agreement (or any Amendment to it), even if Customer's signature was after the proposal expiration date, this Agreement will become a binding contract when and if it is executed by an appropriate official of 3D in Valencia, California. If part of this contract is prohibited, the remainder of it will still be valid.

2. WARRANTY - 3D warrants that at the time of installation, the Software will perform in accordance with the specification as described in 3D's reference manuals when used on equipment manufactured by 3D. 3D agrees to promptly correct any faults, inaccuracies, inconsistencies or omissions in the Software, notified to 3D during the warranty period. The warranty period is one (1) year and shall start sixty (60) days after delivery to the carrier (F.O.B. 3D's Plant) or upon installation, whichever is sooner. THIS WARRANTY IS INSTEAD OF ANY OTHER WARRANTIES, SUCH AS MERCHANTABILITY OR FITNESS FOR INTENDED OR PARTICULAR PURPOSES.

3. INSTALLATION - 3D agrees to install the Software on 3D's manufactured equipment at the Customer location designated. 3D will be responsible for insuring that all 3D sample programs are functioning properly. It is the Customer's responsibility to acquire or create the required Software libraries for inclusion with the 3D Software, all CAD interfaces and for the total systems operation. Installation and maintenance will be performed by 3D between 8:00 am and 5:00 pm, Local Time, on normal working days. 3D and Customer will cooperate to satisfy any Customer security requirements and still allow full and free access to the Equipment.

4. PAYMENT - Payment and the amount of the one-time license and installation fees are included in that certain Proposal and Agreement for the purchase of 3D equipment referred to on the first page of this Agreement.

5. PATENTS - If anyone claims the Software infringes their U.S. Patent, copyright, trade secret or other proprietary right, 3D will indemnify and hold Customer harmless from any damages, judgments or settlements (including costs and reasonable attorneys' fees) resulting from the claim if Customer promptly notifies 3D in writing of the claim and permits 3D to elect to take over the defense of the action. If 3D takes over the defense, it may select the counsel and have the sole right to defend or settle the matter. 3D may substitute comparable non-infringing Software, or modify the Software (which still must meet the specification) to make it non-infringing, or obtain a right for the Customer to continue using the Software (all at 3D's expense). If the software is not as warranted, 3D's liability for damages resulting from this Agreement or any breach thereof, including liability for patent or copyright infringements or warrant of title, regardless of the form of action, shall not exceed the charges paid to 3D by Customer under this Agreement. Notwithstanding the foregoing, 3D shall not be obligated to defend or be liable for costs and damages for patent or copyright infringement if the infringement arises out of a claim based upon any portion of the UNIX Software, provided, however, that this exclusion does not apply to any additions or enhancements to the UNIX Software made by 3D.

   In the event the Software is used on equipment other than equipment manufactured by 3D, this Agreement shall forthwith terminate, the warranty shall be void, 3D shall have no liability to the Customer as a result

of the Customer's use or non-use of the Software, and 3D shall have no obligation to install or repair the Software.

6. TITLE - Title to all Software, algorithms, derivations, modifications, and any and all reproductions thereof, remains in 3D and the Customer agrees to return all such material to 3D within thirty (30) days after the termination or expiration of this Agreement. None of the Software, algorithms, derivations, modifications or reproductions may be sublet, sublicensed, assigned, or any other interest transferred by the Customer without prior written consent of an officer of 3D. A nominal Re-Licensing fee may be charged upon approved authorization of transfer. Any attempt by Customer to sublet, sublicense, assign or transfer any of the rights, duties or obligations under this Agreement shall terminate this Agreement.

7. MODIFICATIONS - 3D may change the Software specifications at any time without notice as long as the modification(s) will not materially affect the performance of the Software.

8. USE - Customer agrees to limit the use of the Software and its derivations to use with the 3D equipment on which the Software is initially installed. Customer agrees that it shall not reverse compile or disassemble any portion of the Software. Customer will refrain from disclosing or permitting the transfer of this Software to any third parties without 3D's prior written consent. Customer agrees that all of these restrictions on the use of the Software are reasonable.

9. TERM - The term of the Software License shall begin on the date that this Agreement is executed by both parties and shall continue until canceled as provided herein.

This Agreement and any licenses granted hereunder are subject to cancellation for cause by either party or for failure to comply with any terms and conditions herein; provided however, that the party in breach shall have sixty (60) days to cure such breach following written notification. This Agreement and any licenses granted hereunder are further subject to cancellation if the other party files or has filed against it any bankruptcy proceedings or makes an assignment for the benefit of creditors, or by Customer at any time upon sixty (60) days written notice to 3D.

10. OTHER

   A. This Agreement will be interpreted under California law and both 3D and Customer will be subject to jurisdiction of state and federal courts in Los Angeles County, California.
   B. Both 3D and Customer will comply with all laws applicable to this Agreement.
   C. All notices given under this Agreement will be effective when received in writing. Notices to the Customer and 3D will be sent to the address on the front page of this Agreement. Either party can give notice of an address change.

11. COMPLETE AGREEMENT - Customer acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and conditions. Further, Customer agrees that it is the complete and exclusive statement of this Agreement between the parties, which supersedes all proposals, printed provisions on subordinate Customer documents including purchase orders, oral or written Agreements, and all other communications between the parties relating to the subject matter of this Agreement.

RENTAL AGREEMENT

3D CAPITAL CORPORATION

CUSTOMER ADDRESS	INSTALLATION SITE ADDRESS
ALIGN TECHNOLOGY, INC. 442 Potrero Avenue Sunnyvale, CA 94086 Attn: Len Hedge Phone: (408) 738-1500 Facsimile: (408) 738-7150	ALIGN TECHNOLOGY, INC. 475 Potrero Avenue Sunnyvale, CA 94086

CONTACT NAME/TITLE	TELEPHONE	CONTACT NAME/TITLE	TELEPHONE ( )

EQUIPMENT

ITEM	MODEL	DESCRIPTION	LASER USAGE FEE	BASE RENT
1		SLA 7000 Rental Program Consisting of:	UNLIMITED	$26,000
	SLA-7000	Stereolithography Apparatus Buildstation software 3D Lightyear Windows NT part preparation software (including automatic support generation and QuickCast investment casting functionality) two platforms Training Credit (One Student)		
	PCA-500	Post Cutting Apparatus		
	SL-7510	Polymer Cilbatool SL 7510 (Initial VAT Fill) Use of Cibatool resins sold by 3D Systems is a requirement of this rental agreement. (Service and Laser Refurbs included during term of Lease) Freight, Freight Insurance, Installation, Packaging and Handling included. CUSTOMER SHALL HAVE THE OPTION TO PURCHASE ADDITIONAL SL 7510 RESIN WITH A TWELVE PERCENT (12%) DISCOUNT PROVIDED CUSTOMER ISSUES A BLANKET PURCHASE ORDER TO 3D SYSTEMS COMMITTING TO $125,000 IN RESIN SALES OVER A TWELVE CONSECUTIVE MONTH PERIOD.		

				TOTAL AMOUNT EXCLUSIVE OF TAXES
NON-REFUNDABLE DEPOSIT Waived	PREPAYMENT DUE: $28,000	TAXABLE [_] YES [_] NO	TAX EXEMPT NO.	PREPARED BY: NAME AND PHONE Roger Peterson (861) 285-5800 Extension 2382

OFFER AND ACCEPTANCE

PLEASE READ: THIS RENTAL AGREEMENT IS SUBJECT TO THE TERMS AND CONDITIONS ATTACHED HERETO. NO OTHER TERMS AND CONDITIONS WILL APPLY. PLEASE READ ALL TERMS AND CONDITIONS CAREFULLY. BY SIGNING BELOW CUSTOMER REPRESENTS THAT CUSTOMER HAS READ THE TERMS AND CONDITIONS ATTACHED HERETO AND HAS ENTERED INTO THE RENTAL AGREEMENT PURSUANT TO SUCH TERMS AND CONDITIONS

ACCEPTED BY:

_____
(TYPE OR PRINT CUSTOMER NAME)

By:_____DATE_____

_____
(TYPE OR PRINT NAME AND TITLE)

OFFERED/ACCEPTED BY:

3D Capital Corporation
26081 Avenue Hall
Valencia, California 91355
(881) 285-5600 FAX (881) 257-3205

Roger Peterson, Director Credit and Leasing

RENTAL AGREEMENT
TERMS AND CONDITIONS

On the terms and subject to the conditions of this Agreement, 3D Capital Corporation, it's successors, or assigns (collectively "3D"), hereby rents to Customer, and Customer hereby hires from 3D equipment specifically identified on the first page of this Agreement (the "Equipment").

1. TERM OF THE AGREEMENT

This Agreement shall be valid and binding from the date on which it has been accepted by 3D (the "Effective Date"), and shall remain in effect until all obligations of either party hereto have been fully performed or satisfied. The ("Acceptance Date") is the date that Customer accepts the Equipment as stated in the "Installation Acceptance" certificate. The "Rental Term" shall commence on the first day of the month following the month in which the Acceptance Date occurs (the "Commencement Date") and shall continue on a month-to-month basis thereafter.

Either party may terminate the Rental Term at any time upon providing written notice to the other, specifying the date of such termination, however, in no event shall said notice be less than 30 days prior to the date of termination.

2. DELIVERY AND INSTALLATION

3D shall deliver and install the Equipment at the Installation Site set forth on the first page of this Agreement not later than ninety (90) days after the Effective Date. Customer shall prepare the Installation Site, at its own expense, in accordance with 3D's site specifications no later than thirty (30) days prior to the scheduled delivery date. Customer shall assume responsibility for compliance with all laws and shall obtain, at its own expense, any permits required for installation and use.

Upon expiration or termination of the Rental Term, Customer shall relinquish possession of the Equipment to 3D personnel for preparation and subsequent shipment to 3D. Any damage or excessive wear found by 3D personnel shall be paid by Customer at 3D's then current replacement and or repair costs, including labor. All packing and freight charges shall be at 3D's expense.

3. MONTHLY CHARGES

Upon the Effective Date Customer agrees to pay to 3D the "Deposit" and the first month's "Base Rent" as specified on the face of this Agreement. Late charges of five percent (5%) per month shall be applied to any invoice not paid within ten (10) days.

"Interim Rent" shall be due and payable on the Commencement Date in an amount equal to 1/30th of the Base Rent times the number of days elapsed from and including the Acceptance Date to and excluding the Commencement Date.

After the first month, and during the Rental Term, Customer agrees to pay to 3D the Base Rent as set forth on the face of this Agreement. The Base Rent will be invoiced at the beginning of each monthly period of the Rental Term, and payment is due upon receipt of the invoice.

Monthly laser usage which exceeds the "Laser Hours" specified on the face of the Agreement will be subject to additional fees. Such additional fees, if any, will be calculated by multiplying the number of laser hours in excess of the Laser Hours specified on the face of the Agreement times the "Laser Usage Fee" specified on the face of the Agreement, and will be added to the succeeding months invoice. Said additional fees, if any, are dependent upon accurate laser meter readings. Customer must take and forward to 3D an accurate and timely meter reading on the last day of each monthly period.

Any deductions of laser hours for down time must be approved by 3D Field Support Personnel and supported by Field Service Reports. Upon prior notice, 3D shall have reasonable access to the Equipment to monitor the meter readings.

Customer shall pay for the usage and replenishment of Polymers at their then stated market prices.

4. TAXES

Customer shall pay all applicable federal, state and local sales, use, property or other taxes arising on charges hereunder or from the use of the

Equipment. 3D shall be responsible for taxes based on its income generated from this Agreement.

5. OWNERSHIP

The Equipment is and shall remain 3D's property and may be removed from Customer's premises by 3D or its duly authorized agents at any time after termination or expiration of the Rental Term. This Agreement constitutes a Rental o bailment of the Equipment and shall not in any way be deemed a sale or the creation of a security interest. Customer shall not have or at any time acquire, any right, title or interest in or to the Equipment, except the right to possession and use as provided for in this Agreement. All installations, replacements, or substitutions of parts or accessories with respect to the Equipment shall constitute accession and shall become part of the Equipment and shall be similarly owned by 3D. If deemed necessary by 3D, 3D may execute a UCC-1 Financing Statement (to be filed by 3D in the office of the appropriate Secretary of State) as an acknowledgement that the Equipment in the custody of Customer is owned by 3D. Customer shall not move the Equipment from the installation site without the expressed written permission of 3D.

6. MAINTENANCE

3D shall service the Equipment as required. Customer shall have access to 3D's toll free customer support line, from 6:00 a.m. to 6:00 p.m. (Mountain Time), in order to report any problems Customer may encounter in the operation of the Equipment. Customer agrees to give 3D access to the Equipment when necessary for maintenance. Maintenance occasioned by the negligence of Customer, or by the use of attachments not provided and installed by 3D, or by any abnormal use, or by movement of the Equipment to another location is not covered by the Maintenance Agreement and Customer agrees to pay for such services at 3D's then current rates.

7. ALTERATIONS AND ATTACHMENTS

No alterations or attachments to the Equipment shall be made without 3D's prior written consent. If Customer makes any alterations or additions to the Equipment, Customer shall remove, at its own expense, such alterations or attachments and restore the Equipment to its previous condition, upon receipt of notice from 3D.

8. RISK OF LOSS AND INSURANCE

Customer agrees that upon the delivery of the Equipment to the Installation Site and continuing until the Equipment is returned to 3D, Customer is responsible for any and all loss or damage thereto, regardless of the cause thereof. If any item of the Equipment is damaged, destroyed or lost, Customer shall be liable for the cost of repairing that item by 3D, or if 3D determines, in its sole discretion, that repair cannot be made or is not practical, Customer shall be liable for the replacement cost of the item of Equipment, less any insurance proceeds received by 3D. 3D is not obligated to replace damaged, destroyed or lost Equipment and upon such an occurrence, 3D has the right to terminate the Rental Term.

Customer shall assume the risk of and hold 3D, its directors, officers, employees, agents and assignees harmless from and against any and all loss, liability, claim, cost, damage or expense of any kind or nature caused directly or indirectly by the use, performance, deficiency, defect in or inadequacy of (i) any item of the Equipment, or (ii) the products, parts and/or services created by or arising from the use of the Equipment.

Customer shall maintain at its own expense comprehensive general liability insurance and broad form contractual liability insurance, issued by companies satisfactory to 3D. Such insurance shall be for primary coverage and shall have limits of no less the $500,000 for each person, $1,000,000 for each occurrence and $500,000 for property damage per each occurrence. The property damage coverage must cover the Equipment of 3D held in the custody, care and control of the Customer and such policy must designate 3D as a named insured thereunder. Customer shall submit to 3D, no later than 15 days prior to the date the Equipment is to be delivered to Customer, an insurance certificate evidencing compliance with the required coverage.

Customer shall notify 3D, within two days of the occurrence thereof, of any accident, incident, damage, destruction, loss or other similar occurrence concerning the Equipment.

9. INDEMNIFICATION

Customer agrees to indemnify, defend and hold harmless 3D, its directors, officers, employees, agents and assignees from any loss, damage, claim, liability and expense (including reasonable attorneys' fees and other expenses of litigation) arising from or related to acts of commission or omission by Customer under this Agreement. This indemnity

provision shall survive the termination of the Rental Term of this Agreement.

3D agrees to defend Customer in any suit brought against Customer alleging that the Equipment rented hereunder, uncombined with non-3D equipment, directly infringes upon a United States patent owned by others, provided 3D is promptly notified, given the assistance required and permitted to direct the defense. Further, 3D shall pay any final judgment, based on such infringement, rendered in such suit by a court of last resort, but shall not be responsible for settlements or costs incurred without its consent. If Customer's use of such Equipment is enjoined, or if 3D desires to minimize its liability hereunder, 3D may at its option either: (i) substitute other equally suitable equipment; (ii) modify the Equipment so that it no longer infringes; (iii) obtain for Customer the right to continue use; or (iv) take back the equipment, releasing Customer from the obligation of paying rentals not yet due. The foregoing states the entire liability of 3D for patent infringement. No indemnity shall apply to equipment made or modified to Customer's own specifications or design, nor for any infringement caused solely by the combination of the Equipment with any other apparatus by Customer.

10. ASSIGNMENT

Customer shall not assign, transfer or pledge all or any part of this Agreement nor sell, rent or lend all or any item of the Equipment or permit it to be used by anyone other than Customer and any effort by Customer to do so shall be void and without effect. Without notifying Customer, 3D may assign this Agreement or any rights, title, interests or obligations thereunder at any time. If 3D assigns this Agreement, 3D's assignee shall have all the rights, powers, privileges and remedies of 3D set forth in this Agreement.

11. NON-DISCLOSURE

Customer shall not disclose any of 3D's confidential information to third persons or use such information for Customer's own benefit or the benefit of others or use such information in any way that is adverse to 3D's interest. Confidential information shall include any of 3D's developments, inventions, business knowledge, know-how, discoveries, production methods and any and all other confidential or proprietary information which may be disclosed to Customer in connection with the installation, maintenance and use of the Equipment.

12. SOFTWARE LICENSE

Concurrent with executing this Agreement, Customer shall enter into a Software License Agreement with 3D in the form attached hereto.

13. DELAY

3D shall not be liable for delays in manufacture, delivery or maintenance due to causes beyond its control, including without limitation, acts of God, strikes and difficulties in obtaining materials or labor. In the event of such delay, 3D's obligation to deliver the Equipment shall be extended for a reasonable period or, if measurable, a period equal to the time lost by such delay.

14. DEFAULT

A default under this Agreement shall be deemed to have occurred if Customer has breached or failed to comply with a provision of this Agreement and such breach or noncompliance continues in effect for 5 days. Customer shall also be deemed in "default" under this Agreement: (i) upon the commencement by or against Customer of any proceeding in Bankruptcy or similar law; (ii) upon the appointment of a receiver for Customer; (iii) if Customer is adjusted insolvent; or (iv) if any substantial part of Customer's property is or becomes subject to seizure, levy, assignment or sale for or by any creditor or governmental agency without being released or satisfied within 10 days thereafter. Upon default by Customer, 3D may in addition to its other rights and remedies at law or equity, terminate this Agreement, sue Customer for and recover all charges and other payments under this Agreement then accrued and unpaid and/or take possession of any or all the Equipment and Software provided under or in conjunction with this Agreement, without demand or notice, wherever the same may be located, without any court order or other process of law.

15. GENERAL PROVISIONS

The remedies of 3D set forth in this Agreement shall be cumulative and in addition to remedies existing in equity or law. If any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement shall remain valid and in full force and effect. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Attorneys' fees incurred by either party in enforcing the terms and provisions of

this Agreement shall be borne by the losing party in such a proceeding. In no event shall 3D be liable for any consequential or incidental damages, including, but not limited to, loss of profits, arising under this Agreement. All notices required to be given under this Agreement shall be made in writing and sent by registered or certified mail or other means agreed upon by the parties, to the addresses listed herein. Any amendments, changes or modifications of this Agreement shall not be valid unless made in writing and signed by both parties. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE IN, AND TO BE PERFORMED WITHIN, SAID STATE. 3D AND CUSTOMER IRREVOCABLY WAIVE ANY OBJECTION TO ANY ACTION PERTAINING TO THIS AGREEMENT BEING BROUGHT IN FEDERAL OR STATE COURTS IN LOS ANGELES COUNTY, CALIFORNIA AND ANY CLAIM THAT SUCH ACTION WAS BROUGHT IN AN INCONVENIENT FORUM.

16. WARRANTY

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, 3D MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED, AND SHALL NOT, BY VIRTUE OF HAVING RENTED THE EQUIPMENT COVERED BY THIS AGREEMENT, BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, DESIGN, FITNESS FOR ANY PARTICULAR PURPOSE, OR CONDITION OF THE EQUIPMENT, OR THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN.

17. COMPLETE AGREEMENT

This Agreement constitutes the entire agreement and understanding between the parties hereto and supersedes all prior agreements, understandings and communications relating to the subject matter of this Agreement.

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED, OR ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL (WHICH MAY BE COMPANY COUNSEL) REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS.

WARRANT AGREEMENT

To Purchase Shares of the Series B Preferred Stock of

ALIGN TECHNOLOGY INC.

Dated as of April 12,1999 (the "Effective Date")

WHEREAS, Align Technology Incorporated, a Delaware corporation (the "Company") has entered into a Loan and Security Agreement dated as of April 12, 1999, and related Promissory Note(s) (collectively, the "Loans") with Comdisco, Inc., a Delaware corporation (the "Warrantholder'); and

WHEREAS, the Company desires to grant to Warrantholder, in consideration for such Loans, the right to purchase shares of its Series B Preferred Stock;

NOW, THEREFORE, in consideration of the Warrantholder executing and delivering such Loans and in consideration of mutual covenants and agreements contained herein, the Company and Warrantholder agree as follows:

1. GRANT OF THE RIGHT TO PURCHASE PREFERRED STOCK.

The Company hereby grants to the Warrantholder, and the Warrantholder is entitled, upon the terms and subject to the conditions hereinafter set forth, to subscribe to and purchase, from the Company, 266,667 fully paid and non-assessable shares of the Company's Series B Preferred Stock ("Preferred Stock") at a purchase price of $3.00 per share (the "Exercise Price"). The number and purchase price of such shares are subject to adjustment as provided in Section 8 hereof.

2. TERM OF THE WARRANT AGREEMENT.

Except as otherwise provided for herein, the term of this Warrant Agreement and the right to purchase Preferred Stock as granted herein shall commence on the Effective Date and shall be exercisable for a period of (i) ten (10) years or (ii) five (5) years from the effective date of the Company's initial public offering, whichever is shorter.

Notwithstanding the term of this Warrant Agreement fixed pursuant to the above paragraph, the right to purchase Preferred Stock as granted herein shall expire, if not previously

exercised immediately upon the closing of a merger or consolidation of the Company with or into another corporation or entity when the Company's stockholders immediately before the consummation of such transaction do not hold at least 50% of the outstanding securities of the surviving entity, or the sale of all or substantially all of the Company's properties and assets to any other person (collectively, a "Merger"); provided in which Warrantholder realizes a value for its shares equal to or greater than $9.00 per share.

The Company shall notify the Warrantholder if the Merger is proposed in accordance with the terms of 8(f) hereof, and if the Company fails to deliver such written notice, then notwithstanding anything to the contrary in this Warrant Agreement, the rights to purchase the Company's Preferred Stock shall not expire until the Company has delivered written notice of the Merger and the notice period set forth in 8(f) hereof has expired. Such notice shall also contain such details of the proposed Merger as are reasonable in the circumstances. If such closing does not take place, the Company shall promptly notify the Warrantholder that such proposed transaction has been terminated, and the Warrantholder may rescind any exercise of its purchase rights promptly after such notice of termination of the proposed transaction if the exercise of Warrants has occurred after the Company notified the Warrantholder that the Merger was proposed. In the event of such recission, the Warrants will continue to be exercisable on the same terms and conditions contained herein.

3. EXERCISE OF THE PURCHASE RIGHTS.

The purchase rights set forth in this Warrant Agreement are exercisable by the Warrantholder, in whole or in part, at any time, or from time to time, prior to the expiration of the term set forth in Section 2 above, by tendering to the Company at its principal office a notice of exercise in the form attached hereto as Exhibit I (the "Notice of Exercise"), duly completed and executed. Promptly upon receipt of the Notice of Exercise and the payment of the purchase price in accordance with the terms set forth below, and in no event later than twenty-one (21) days thereafter, the Company shall issue to the Warrantholder a certificate for the number of shares of Preferred Stock purchased and shall execute the acknowledgment of exercise in the form attached hereto as Exhibit 11 (the "Acknowledgment of Exercise") indicating the number of shares which remain subject to future purchases, if any.

The Exercise Price may be paid at the Warrantholder's election either (i) by cash or check, or (ii) by surrender of Warrants ("Net Issuance") as determined below. If the Warrantholder elects the Net Issuance method, the Company will issue Preferred Stock in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of shares of Preferred Stock to be issued to the Warrantholder.

Y = the number of shares of Preferred Stock requested to be exercised under this Warrant Agreement.

A = the fair market value of one (1) share of Preferred Stock.

B = the Exercise Price.

For purposes of the above calculation, current fair market value of Preferred Stock shall mean with respect to each share of Preferred Stock:

(i) if the exercise is in connection with an initial public offering of the Company's Common Stock, and if the Company's Registration Statement relating to such public offering has been declared effective by the SEC, then the fair market value per share shall be the product of (x) the initial "Price to Public" specified in the final prospectus with respect to the offering and (y) the number of shares of Common Stock into which each share of Preferred Stock- is convertible at the time of such exercise;

(ii) if this Warrant is exercised after, and not in connection with the Company's initial public offering, and:

(a) if traded on a securities exchange, the fair market value shall be deemed to be the product of (x) the average of the closing prices over a five (5) day period ending three days before the day the current fair market value of the securities is being determined and (y) the number of shares of Common Stock into which each share of Preferred Stock is convertible at the time of such exercise; or

(b) if actively traded over-the-counter, the fair market value shall be deemed to be the product of (x) the average of the closing bid and asked prices quoted on the NASDAQ system (or similar system) over the five (5) day period ending three days before the day the current fair market value of the securities is being determined and (y) the number of shares of Common Stock into which each share of Preferred Stock is convertible at the time of such exercise;

(iii) if at any time the Common Stock is not listed on any securities exchange or quoted in the NASDAQ System or the over-the-counter market, the current fair market value of Preferred Stock shall be the product of (x) the highest price per share which the Company could obtain from a willing buyer (not a current employee or director) for shares of Common Stock sold by the Company, from authorized but unissued shares, as determined in good faith by its Board of Directors and (y) the number of shares of Common Stock into which each share of Preferred Stock is convertible at the time of such exercise, unless the Company shall become subject to a merger, acquisition or other consolidation pursuant to which the Company is not the surviving party, in which case the fair market value of Preferred Stock shall be deemed to be the value received by the holders of the Company's Preferred Stock on a common equivalent basis pursuant to such merger or acquisition.

Upon partial exercise by either cash or Net Issuance, the Company shall promptly issue an amended Warrant Agreement representing the remaining number of shares purchasable

hereunder. All other terms and conditions of such amended Warrant Agreement shall be identical to those contained herein, including, but not limited to the Effective Date hereof.

4. RESERVATION OF SHARES.

(a) Authorization and Reservation of Shares. During the term of this Warrant Agreement, the Company will at all times have authorized and reserved a sufficient number of shares of its Preferred Stock to provide for the exercise of the rights to purchase Preferred Stock as provided for herein.

(b) Registration or Listing. If any shares of Preferred Stock required to be reserved hereunder require registration with or approval of any governmental authority under any Federal or State law (other than any registration under the Securities Act of 1933, as amended ("1933 Act"), as then in effect, or any similar Federal statute then enforced, or any state securities law, required by reason of any transfer involved in such conversion), or listing on any domestic securities exchange, before such shares may be issued upon conversion, the Company will, at its expense and as expeditiously as possible, use its best efforts to cause such shares to be duly registered, listed or approved for listing on such domestic securities exchange, as the case may be.

5. NO FRACTIONAL SHARES OR SCRIP.

No fractional shares or scrip representing fractional shares shall be issued upon the exercise of the Warrant, but in lieu of such fractional shares the Company shall make a cash payment therefor upon the basis of the Exercise Price then in effect.

6. NO RIGHTS AS SHAREHOLDER.

This Warrant Agreement does not entitle the Warrantholder to any voting rights or other rights as a shareholder of the Company prior to the exercise of the Warrant.

7. WARRANTHOLDER REGISTRY.

The Company shall maintain a registry showing the name and address of the registered holder of this Warrant Agreement.

8. ADJUSTMENT RIGHTS.

The purchase price per share and the number of shares of Preferred Stock purchasable hereunder are subject to adjustment, as follows:

(a) Capital Reorganization. If at any time there shall be a capital reorganization of the shares of the Company's stock (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein), or a merger or consolidation of the Company with or into another corporation whether or not the Company is the surviving corporation, where the Company's Stockholders before such transaction do not hold at least 50% of the outstanding securities of the successor entity after such transaction (hereinafter referred to as a "Reorganization"), then, as a part of such Reorganization, lawful provision shall be made so

that the Warrantholder shall thereafter be entitled to receive, upon exercise of the Warrant, the number of shares of preferred stock or other securities of the successor company resulting from such Reorganization, equivalent in value to that which would have been issuable if Warrantholder had exercised this Warrant immediately prior to the Reorganization. In any such case, appropriate adjustment (as determined in good faith by the Company's Board of Directors) shall be made in the application of the provisions of this Warrant Agreement with respect to the rights and interest of the Warrantholder after the Reorganization to the end that the provisions of this Warrant Agreement (including adjustments of the Exercise Price and number of shares of Preferred Stock purchasable) shall be applicable to the greatest extent possible.

(b) Reclassification of Shares. If the Company at any time shall, by combination, reclassification, exchange or subdivision of securities or otherwise, change any of the securities as to which purchase rights under this Warrant Agreement exist into the same or a different number of securities of any other class or classes, this Warrant Agreement shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities which were subject to the purchase rights under this Warrant Agreement immediately prior to such combination, reclassification, exchange, subdivision or other change.

(c) Subdivision or Combination of Shares. If the Company at any time shall combine or subdivide its Preferred Stock, the Exercise Price shall be proportionately decreased in the case of a subdivision, or proportionately increased in the case of a combination.

(d) Stock Dividends. If the Company at any time shall pay a dividend payable in, or make any other distribution (except any distribution specifically provided for in the foregoing subsections (a) or (b)) of the Company's Preferred Stock, then the Exercise Price shall be adjusted, from and after the record date of such dividend or distribution, to that price determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction (i) the numerator of which shall be the total number of all shares of the Company's Preferred Stock outstanding immediately prior to such dividend or distribution, and (ii) the denominator of which shall be the total number of all shares of the Company's Preferred Stock outstanding immediately after such dividend or distribution. The Warrantholder shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares of Preferred Stock (calculated to the nearest whole share) obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Preferred Stock issuable upon the exercise hereof immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

(e) Antidilution Rights. Additional antidilution rights applicable to the Preferred Stock purchasable hereunder are as set forth in the Company's Certificate of Incorporation, as amended through the Effective Date, a true and complete copy of which is attached hereto as Exhibit IV (the "Charter"). The Company shall promptly provide the Warrantholder with any restatement, amendment, modification or waiver of the Charter. The Company shall provide Warrantholder with prior written notice of any issuance of its stock or other equity security to occur after the Effective Date of this Warrant, which notice shall include (a) the price at which

such stock or security is to be sold, (b) the number of shares to be issued, and (c) such other information as necessary for Warrantholder to determine if a dilutive event has occurred.

(f) Notice of Adjustments. If: (i) the Company shall declare any dividend or distribution upon its stock, whether in cash, property, stock or other securities; (ii) the Company shall offer for subscription pro rata to the holders of any class of its Preferred or other convertible stock any additional shares of stock of any class or other rights; (iii) there shall be any Merger; (Iv) there shall be any Reorganization; (v) there shall be an initial public offering; or (vi) there shall be any voluntary dissolution, liquidation or winding up of the Company; then, in connection with each such event, the Company shall send to the Warrantholder: (A) at least twenty (20) days'- prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, subscription rights (specifying the date on which the holders of Preferred Stock shall be entitled thereto) or for determining rights to vote in respect of such Merger, dissolution, liquidation or winding up; (B) in the case of any such Merger, dissolution, liquidation or winding up, at least twenty (20) days' prior written notice of the date when the same shall take place (and specifying the date on which the holders of Preferred Stock shall be entitled to exchange their Preferred Stock for securities or other property deliverable upon such Merger or any such Reorganization, dissolution, liquidation or winding up); and (C) in the case of a public offering, the Company shall give the Warrantholder at least twenty (20) days written notice prior to the effective date thereof.

Each such written notice shall set forth, in reasonable detail, (i) the event requiring the adjustment, (ii) the amount of the adjustment, (iii) the method by which such adjustment was calculated, (iv) the Exercise Price, and (v) the number of shares subject to purchase hereunder after giving effect to such adjustment, and shall be given by first class mail, postage prepaid, addressed to the Warrantholder, at the address as shown on the books of the Company.

(g) Timely Notice. Failure to timely provide such notice required by subsection (f) above shall entitle Warrantholder to retain the benefit of the applicable notice period notwithstanding anything to the contrary contained in any insufficient notice received by Warrantholder. The notice period shall begin on the date Warrantholder actually receives a written notice containing all the information specified above.

9. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

(a) Reservation of Preferred Stock. The Preferred Stock issuable upon exercise of the Warrantholder's rights has been duly and validly reserved and, when issued in accordance with the provisions of this Warrant Agreement, will be validly issued, fully paid and non-assessable, and will be free of any taxes, liens, charges or encumbrances of any nature whatsoever; provided, however, that the Preferred Stock issuable pursuant to this Warrant Agreement may be subject to restrictions on transfer under state and/or Federal securities laws. The Company has made available to the Warrantholder true, correct and complete copies of its Charter and Bylaws, as amended. The issuance of certificates for shares of Preferred Stock upon exercise of the Warrant Agreement shall be made without charge to the Warrantholder for any issuance tax in respect thereof, or other cost incurred by the Company in connection with such exercise and the related issuance of shares of Preferred Stock. The Company shall not be required to pay any tax which

may be payable in respect of any transfer involved and the issuance and delivery of any certificate in a name other than that of the Warrantholder.

(b) Due Authority. The execution and delivery by the Company of this Warrant Agreement and the performance of all obligations of the Company hereunder, including the issuance to Warrantholder of the right to acquire the shares of Preferred Stock, have been duly authorized by all necessary corporate action on the part of the Company, and the Loans and this Warrant Agreement are not inconsistent with the Company's Charter or Bylaws, do not contravene any law or governmental rule, regulation or order applicable to it, do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which it is a party or by which it is bound, and the Loans and this Warrant Agreement constitute legal, valid and binding agreements of the Company, enforceable in accordance with their respective terms.

(c) Consents and Approvals. No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of any state, Federal or other governmental authority or agency is required with respect to the execution, delivery and performance by the Company of its obligations under this Warrant Agreement, except for the filing of notices pursuant to Regulation D under the 1933 Act and any filing required by applicable state securities law, which filings will be effective by the time required thereby.

(d) Issued Securities. All issued and outstanding shares of Common Stock, Preferred Stock or any other securities of the Company have been duly authorized and validly issued and are fully paid and nonassessable. All outstanding shares of Common Stock, Preferred Stock and any other securities were issued in full compliance with all Federal and state securities laws. In addition:

(i) The authorized capital of the Company consists of (A) 10,000,000 shares of Common Stock, of which 2,807,145 shares are issued and outstanding, (B) 2,175,000 shares of Series A Preferred Stock, of which 2,175,000 shares are issued and outstanding and are convertible into 2,175,000 shares of Common Stock, (C) 3,825,000 shares of Series B Preferred Stock, of which 3,424,365 shares are issued and outstanding and are convertible into 3,424,365 shares of Common Stock.

(ii) The Company has reserved (A) 765,000 shares of Common Stock for issuance under its 1997 Equity Incentive Plan, under which 512,393 options are outstanding. There are no other options, warrants, conversion privileges or other rights presently outstanding to purchase or otherwise acquire any authorized but unissued shares of the Company's capital stock or other securities of the Company.

(iii) In accordance with the Company's Articles of Incorporation, no shareholder of the Company has preemptive rights to purchase new issuances of the Company's capital stock.

(e) Insurance. The Company has in full force and effect insurance policies, with extended coverage, insuring the Company and its property and business against such losses and risks, and in such amounts, as are customary for corporations engaged in a similar business and similarly situated and as otherwise may be required pursuant to the terms of any other contract or agreement.

(f) Other Commitments to Register Securities. Except as set forth in this Warrant Agreement, the Company is not, pursuant to the terms of any other agreement currently in existence, under any obligation to register under the 1933 Act any of its presently outstanding securities or any of its securities which may hereafter be issued.

(g) Exempt Transaction. Subject to the accuracy of the Warrantholder's representations in Section 10 hereof, the issuance of the Preferred Stock upon exercise of this Warrant will constitute a transaction exempt from (i) the registration requirements of Section 5 of the 1933 Act, in reliance upon Section 4(2) thereof, and (ii) the qualification requirements of the applicable state securities laws.

(h) Compliance with Rule 144. At the written request of the Warrantholder, who proposes to sell Preferred Stock issuable upon the exercise of the Warrant in compliance with Rule 144 promulgated by the Securities and Exchange Commission, the Company shall furnish to the Warrantholder, within ten days after receipt of such request, a written statement confirming the Company's compliance with the filing requirements of the Securities and Exchange Commission as set forth in such Rule, as such Rule may be amended from time to time.

10. REPRESENTATIONS AND COVENANTS OF THE WARRANTHOLDER.

This Warrant Agreement has been entered into by the Company in reliance upon the following representations and covenants of the Warrantholder:

(a) Investment Purpose. The right to acquire Preferred Stock or the Preferred Stock issuable upon exercise of the Warrantholder's rights contained herein will be acquired for investment and not with a view to the sale or distribution of any part thereof, and the Warrantholder has no present intention of selling or engaging in any public distribution of the same except pursuant to a registration or exemption.

(b) Private Issue. The Warrantholder understands (i) that the Preferred Stock issuable upon exercise of this Warrant is not registered under the 1933 Act or qualified under applicable state securities laws on the ground that the issuance contemplated by this Warrant Agreement will be exempt from the registration and qualifications requirements thereof, and (ii) that the Company's reliance on such exemption is predicated on the representations set forth in this Section 10.

(c) Disposition of Warrantholder's Rights. In no event will the Warrantholder make a disposition of any of its rights to acquire Preferred Stock or Preferred Stock issuable upon exercise of such rights unless and until (i) it shall have notified the Company of the proposed disposition, and (ii) if requested by the Company, it shall have furnished the Company with an

opinion of counsel (which counsel may either be inside or outside counsel to the Warrantholder) satisfactory to the Company and its counsel to the effect that (A) appropriate action necessary for compliance with the 1933 Act has been taken, or (B) an exemption from the registration requirements of the 1933 Act is available. Notwithstanding the foregoing, the restrictions imposed upon the transferability of any of its rights to acquire Preferred Stock or Preferred Stock issuable on the exercise of such rights do not apply to transfers from the beneficial owner of any of the aforementioned securities to its nominee or from such nominee to its beneficial owner, and shall terminate as to any particular share of Preferred Stock when (1) such security shall have been effectively registered under the 1933 Act and sold by the holder thereof in accordance with such registration or (2) such security shall have been sold without registration in compliance with Rule 144 under the 1933 Act, or (3) a letter shall have been issued to the Warrantholder at its request by the staff of the Securities and Exchange Commission or a ruling shall have been issued to the Warrantholder at its request by such Commission stating that no action shall be recommended by such staff or taken by such Commission, as the case may be, if such security is transferred without registration under the 1933 Act in accordance with the conditions set forth in such letter or ruling and such letter or ruling specifies that no subsequent restrictions on transfer are required. Whenever the restrictions imposed hereunder shall terminate, as hereinabove provided, the Warrantholder or holder of a share of Preferred Stock then outstanding as to which such restrictions have terminated shall be entitled to receive from the Company, without expense to such holder, one or more new certificates for the Warrant or for such shares of Preferred Stock not bearing any restrictive legend.

(d) Financial Risk. The Warrantholder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment, and has the ability to bear the economic risks of its investment.

(e) Risk of No Registration. The Warrantholder understands that if the Company does not register with the Securities and Exchange Commission pursuant to Section 12 of the 1934 Act (the "1934 Act"), or file reports pursuant to Section 15(d), of the 1934 Act", or if a registration statement covering the securities under the 1933 Act is not in effect when it desires to sell (i) the rights to purchase Preferred Stock pursuant to this Warrant Agreement, or (ii) the Preferred Stock issuable upon exercise of the right to purchase, it may be required to hold such securities for an indefinite period. The Warrantholder also understands that any sale of its rights of the Warrantholder to purchase Preferred Stock or Preferred Stock which might be made by it in reliance upon Rule 144 under the 1933 Act may be made only in accordance with the terms and conditions of that Rule.

(f) Accredited Investor. Warrantholder is an "accredited investor" within the meaning of the Securities and Exchange Rule 501 of Regulation D, as presently in effect.

11. TRANSFERS.

Subject to the terms and conditions contained in Section 10 hereof, this Warrant Agreement and all rights hereunder are transferable in whole or in part by the Warrantholder and any successor transferee, provided, however, in no event shall the number of transfers of the rights and interests in all of the Warrants exceed three (3) transfers. The transfer shall be recorded on the books of the Company upon receipt by the Company of a notice of transfer in the

form attached hereto as Exhibit III (the "Transfer Notice"), at its principal offices and the payment to the Company of all transfer taxes and other governmental charges imposed on such transfer.

12. MISCELLANEOUS.

(a) Effective Date. The provisions of this Warrant Agreement shall be construed and shall be given effect in all respects as if it had been executed and delivered by the Company on the date hereof. This Warrant Agreement shall be binding upon any successors or assigns of the Company.

(b) Attorney's Fees. In any litigation, arbitration or court proceeding between the Company and the Warrantholder relating hereto, the prevailing party shall be entitled to attorneys' fees and expenses and all costs of proceedings incurred in enforcing this Warrant Agreement.

(c) Governing Law. This Warrant Agreement shall be governed by and construed for all purposes under and in accordance with the laws of the State of California.

(d) Counterparts. This Warrant Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, facsimile transmission (provided that the original is sent by personal delivery or mail as hereinafter set forth) or seven (7) days after deposit in the United States mail, by registered or certified mail, addressed (i) to the Warrantholder at 6111 North River Road, Rosemont, Illinois 60018, Attention: Venture Lease Administration, cc: Legal Department, Attention: General Counsel, (and/or, if by facsimile, (847) 518-5465 and (847)518-5088 and (ii) to the Company at 442 Potrero Ave., Sunnyvale, CA 94086, Attention: Chief Financial Officer (and/or if by facsimile, (408) 738-7150) or at such other address as any such party may subsequently designate by written notice to the other party.

(f) Remedies. In the event of any default hereunder, the non-defaulting party may proceed to protect and enforce its rights either by suit in equity and/or by action at law, including but not limited to an action for damages as a result of any such default, and/or an action for specific performance for any default where Warrantholder will not have an adequate remedy at law and where damages will not be readily ascertainable. The Company expressly agrees that it shall not oppose an application by the Warrantholder or any other person entitled to the benefit of this Agreement requiring specific performance of any or all provisions hereof or enjoining the Company from continuing to commit any such breach of this Agreement.

(g) No Impairment of Rights. The Company will not, by amendment of its Charter or through any other means, avoid or seek to avoid the-observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the Warrantholder against impairment.

(h) Survival. The representations, warranties, covenants and conditions of the respective parties contained herein or made pursuant to this Warrant Agreement shall survive the execution and delivery of this Warrant Agreement.

(i) Severability. In the event any one or more of the provisions of this Warrant Agreement shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Warrant Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision, which comes closest to the intention of the parties underlying the invalid, illegal or unenforceable provision.

(j) Amendments. Any provision of this Warrant Agreement may be amended by a written instrument signed by the Company and by the Warrantholder.

IN WITNESS WHEREOF, the parties hereto have caused this Warrant Agreement to be executed by its officers thereunto duty authorized as of the Effective Date.

Company: ALIGN TECHNOLOGY INC.

By:_____

Title:_____
CEO

Warrantholder: COMDISCO, INC.

By:_____
JILL C. HANSES

Title:_____
SENIOR VICE PRESIDENT

EXHIBIT I

NOTICE OF EXERCISE

TO: _____

(1) The undersigned Warrantholder hereby elects to purchase _____ shares of the Series B Preferred Stock of _____, pursuant to the terms of the Warrant Agreement dated the _____ day of _____, 19__ (the "Warrant Agreement") between _____ and the Warrantholder, and tenders herewith payment of the purchase price for such shares in full, together with all applicable transfer taxes, if any.

(2) In exercising its rights to purchase the Series B Preferred Stock of _____, the undersigned hereby confirms and acknowledges the investment representations and warranties made in Section 10 of the Warrant Agreement.

(3) Please issue a certificate or certificates representing said shares of Series 6 Preferred Stock in the name of the undersigned or in such other name as is specified below.

_____
(Name)

_____
(Address)

Warrantholder: COMDISCO, INC.

By: _____

Title: _____

Date: _____

EXHIBIT II

ACKNOWLEDGMENT OF EXERCISE

The undersigned _____, hereby acknowledge receipt of the "Notice of Exercise" from Comdisco, Inc., to purchase _____ shares of the Series B Preferred Stock of _____, pursuant to the terms of the Warrant Agreement, and further acknowledges that _____ shares remain subject to purchase under the terms of the Warrant Agreement.

Company:

By:_____

Title:_____

Date:_____

EXHIBIT III

TRANSFER NOTICE

(To transfer or assign the foregoing Warrant Agreement execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant Agreement and all rights evidenced thereby are hereby transferred and assigned to

_____
(Please Print)

whose address is_____

_____

Dated:_____

Holders Signature: _____

Holder Address: _____

_____

Signature Guaranteed:_____

NOTE: The signature to this Transfer Notice must correspond with the name as it appears on the face of the Warrant Agreement, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant Agreement.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated August 18, 2000, except as to Note 11, as to which the date is November 13, 2000 relating to the consolidated financial statements of Align Technology, Inc., which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

San Jose, California
November 14, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.

1,000

12-MOS	9-MOS
DEC-31-1999	DEC-31-2000
JAN-01-1999	JAN-01-2000
DEC-31-1999	SEP-30-2000
7,172	52,067
5,253	3,927
347	2,479
(33)	(300)
366	667
669	3,294
4,007	14,093
(690)	(2,155)
17,091	75,567
3,747	14,376
0	0
32,755	115,708
0	0
2,220	91,926
(21,634)	(148,012)
17,091	75,567
411	3,236
411	3,236
(1,754)	(11,313)
(13,362)	(37,917)
276	1,490
0	0
(986)	(8,807)
(15,415)	(97,461)
0	0
0	0
0	0
0	0
0	0
(15,415)	(97,461)
(7.31)	(35.87)
(7.31)	(35.87)