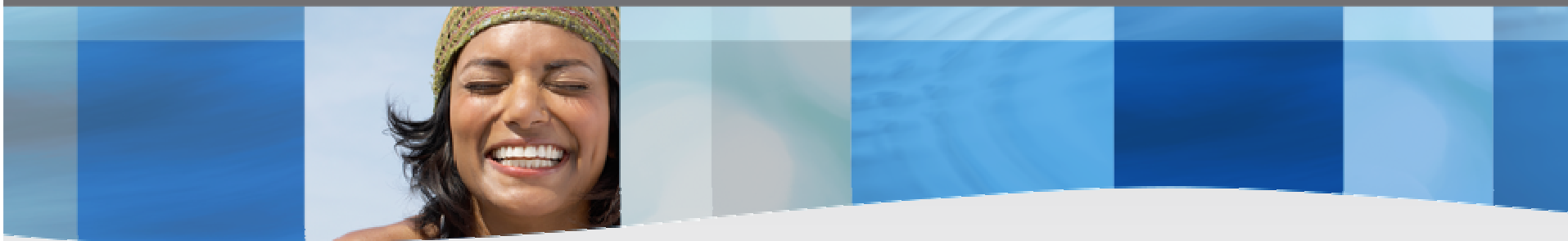


Quarterly Financial Results Q4 2011

Align Technology, Inc.



Align Technology Q4 FY2011 Conference Call

- **Speakers:**

- Tom Prescott, president and CEO
- Ken Arola, vice president of finance and CFO

- **Moderator:**

- Shirley Stacy, senior director, corporate and investor communications

- **Replay and Web cast Archive**

- Telephone replay will be available through 5:30pm ET February 6, 2012
 - Domestic callers: 877-660-6853
 - International callers: 201-612-7415
 - Account # 292 and conference # 386750
- Audio web cast archive will be available at <http://investor.aligntech.com> for approximately 12 months

Safe Harbor and Forward Looking Statement

This presentation, including financial tables, contains forward-looking statements, including statements regarding certain business metrics for the first quarter of 2012, including anticipated revenue, gross margin, operating expense, operating income, earnings per share, case shipments and cash. Forward-looking statements contained in this news release and the tables below relating to expectations about future events or results are based upon information available to Align as of the date hereof. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. As a result, actual results may differ materially and adversely from those expressed in any forward-looking statement. Factors that might cause such a difference include, but are not limited to, difficulties predicting customer and consumer purchasing behavior, the willingness and ability of our customers to maintain and/or increase utilization in sufficient numbers, the possibility that the development and release of new products does not proceed in accordance with the anticipated timeline, the possibility that the market for the sale of these new products may not develop as expected, the risks relating to Align's ability to sustain or increase profitability or revenue growth in future periods while controlling expenses, growth related risks, including capacity constraints and pressure on our internal systems and personnel, our ability to successfully achieve the anticipated benefits from the acquisition of Cadent, continued customer demand for our existing and new products, changes in consumer spending habits as a result of, among other things, prevailing economic conditions, levels of employment, salaries and wages and consumer confidence, the timing of case submissions from our doctors within a quarter, acceptance of our products by consumers and dental professionals, foreign operational, political and other risks relating to Align's international manufacturing operations, Align's ability to protect its intellectual property rights, continued compliance with regulatory requirements, competition from existing and new competitors, Align's ability to develop and successfully introduce new products and product enhancements, and the loss of key personnel. These and other risks are detailed from time to time in Align's periodic reports filed with the Securities and Exchange Commission, including, but not limited to, its Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed with the Securities and Exchange Commission on February 26, 2011. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

Q4 FY2011 Overview

Tom Prescott
President and CEO

Q4 FY2011 Financial Highlights

- Strong finish to the year for Align with better than expected revenue and earnings, driven by increased Invisalign case volume and lower than projected operating expenses
- We continue to see solid performance of Invisalign across all customer channels and believe that our continuing focus on Invisalign product evolution and market expansion is at the core of this progress
- Revenues of \$128.9M, +2.4% Q/Q, +38.8% Y/Y
- Invisalign record revenues of \$118.9M, +4.1% Q/Q, +28.0% Y/Y
 - Invisalign record 82,590 case shipments, +4.1% Q/Q, +30.1% Y/Y
- Scanner and CAD/CAM Services revenues of \$10.0M, -14.1% Q/Q,
 - Scanner revenues \$5.2M, CAD/CAM Services \$4.8M

Q4 FY2011 Invisalign Geographic Performance

- **N.A. GP Dentists: Record Invisalign Shipments, +6.4% Q/Q, +31.0% Y/Y**
 - Solid growth across GP customer base, particularly with Invisalign Full and Assist
 - Customer survey of 300 GPs- attribute increased use of Invisalign to better marketing of their practices, increased clinical confidence with Invisalign, and increased patient demand overall.
- **N.A. Orthodontists: Invisalign Shipments, -0.6% Q/Q, +36.3% Y/Y**
 - Q/Q decrease expected due to normal seasonality in Orthodontic case starts.
 - Y/Y growth reflects increased penetration of Invisalign across customer base from all products.
 - Customer survey of 200 Orthos - attribute increased use of Invisalign to higher patient demand created by our consumer advertising, along with clinical improvements that have resulted in improved predictability, better outcomes, and increased confidence with Invisalign.
 - We believe the additional new features and innovations launched in Invisalign G4 will continue to build on the progress we've seen to date with Invisalign G3 and help doctors gain greater confidence and achieve even better clinical results when treating more complex cases.
- **International Doctors: Record Invisalign Shipments, +7.9% Q/Q, +20.3% Y/Y**
 - Q/Q driven by our core European countries - saw an uptick in Italy, France, and Spain as they rebounded from their seasonally slower Q3 summer period, while Germany and France continued solid growth
 - Y/Y growth from Germany and France, which are benefitting from increased sales force coverage and marketing program investments over the past year.
 - Growth from our distribution partners in the Asia Pacific, EMEA, and Latin America regions continues to outpace the rest of the world and contributed to strong year over year growth.

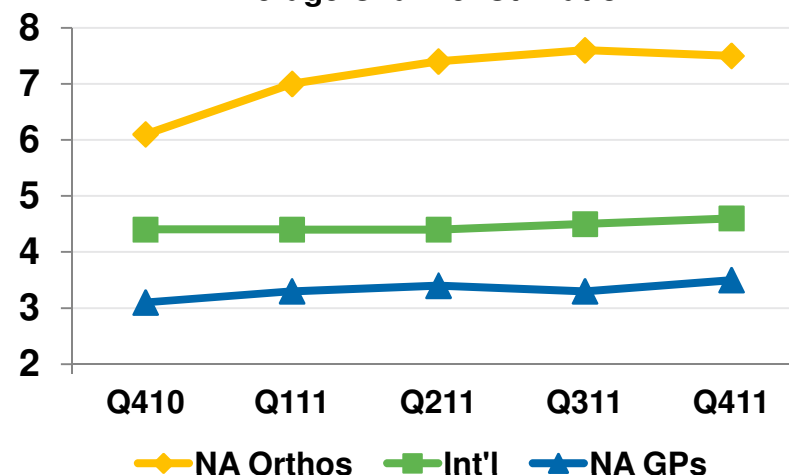
Q4 FY2011 Invisalign Adoption Metrics

Doctor Utilization and Training

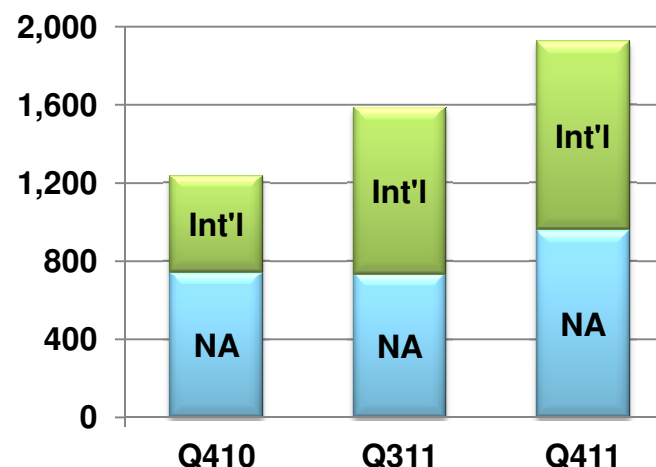
- Total utilization was up slightly to 4.1 cases per doctor
 - N.A. Orthodontists 7.0 cases/doc
-1% Q/Q, +25% Y/Y
 - N.A. GP Dentists 3.0 cases/doc
+8% Q/Q, +16% Y/Y
 - International 4.1 cases/doc
+3% Q/Q, +5% Y/Y
- 1,925 new Invisalign-trained doctors
 - 955 trained in N.A.
 - 970 trained in International
 - Several hundred were trained internationally by our distribution partners in anticipation of full commercial Invisalign launches in Russia and the Middle East. Also reflects our direct efforts to support the continued ramp in China by training new doctors

Utilization = # of cases shipped/# of doctors to whom cases were shipped

Average Channel Utilization



Quarterly Doctors Trained Worldwide



Strategy to Drive Adoption of Invisalign

- 
- Accelerate product and clinical innovation, which includes new products along with significant evolution in new features and functionality
- 
- Enhance the customer experience, through evolutions in customer facing systems
- 
- Increasing the effectiveness of consumer demand creation and extending the Invisalign brand
- 
- Drive International growth, principally in Europe, while opening up additional new markets around the world

Product and Clinical Innovation

Introducing Invisalign Express 5

NEW 5 Stage Product for Very Minor Movement



5 Treat More Patients who need minor tooth movements.

Invisalign Express 5

Grow your practice
Your patients with minor orthodontic issues, such as very mild spacing, crowding, and orthodontic relapse, can now get the smile they want at a price they can afford.

Introducing Invisalign Express 5, aligner therapy designed to treat very minor tooth movement in 5 stages or less.

\$549
Lab Fee (USD)

invisalign®
Science in Every Smile

BEFORE AFTER

Invisalign treatment completed in 5 stages.
Photos courtesy of Dr. Carolla Ashton

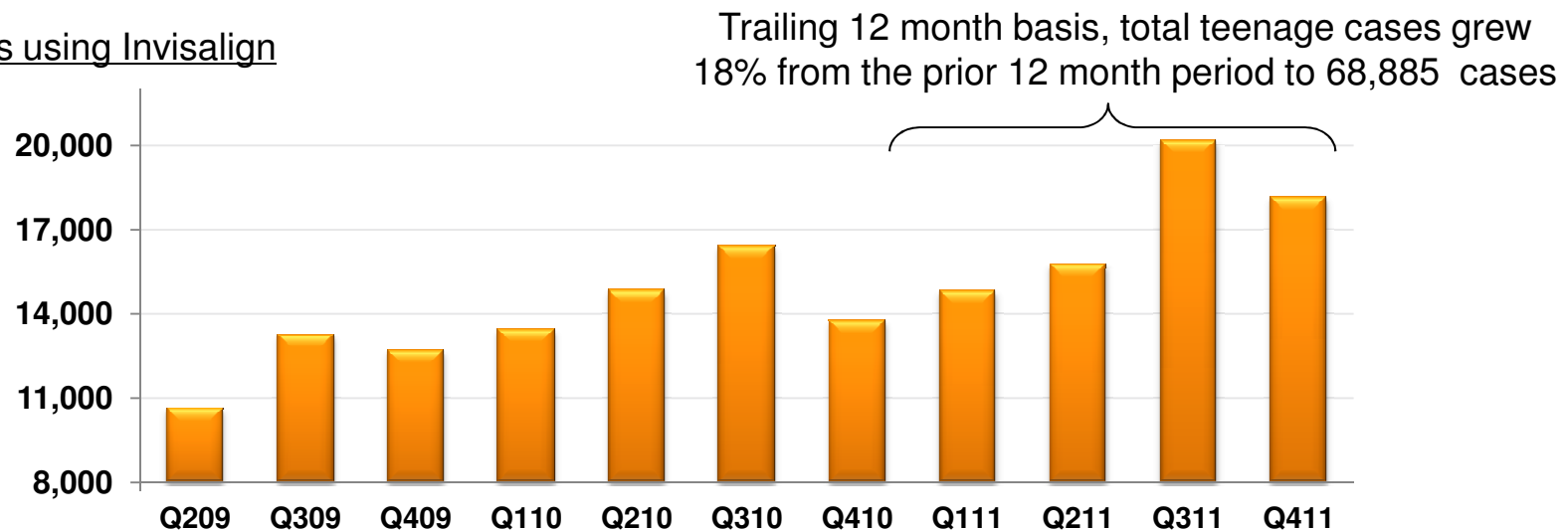
- Cost-effective treatment option for very minor crowding, spacing, or relapse
- Unlike lab-based, manually-produced aligners, Invisalign Express 5 has all of the cutting-edge technology of Invisalign and delivers the benefits of straighter teeth, at a price consistent with minor fixes
 - ClinCheck treatment plan that shows the desired final result and number of aligners
 - SmartForce® attachments and aligner features deliver predictable movement
 - Optional one-time refinement per case
- Ensures that Align can be a more complete competitor in clear aligner therapy by addressing a growing segment with a best-in-class product, at a very competitive price

Product and Clinical Innovation

Q4 11 Teenage Orthodontic Segment

- 18,140 teenage cases or 22% of WW volume, +32% Y/Y
 - As expected teenage cases declined sequentially reflecting the seasonality in the Orthodontic market
- 9,805 Invisalign Teen product cases or 12% of WW volume, +41% Y/Y
- We are continuing to gain share while helping to increase category growth over the long term. We're confident that we'll continue to make steady progress increasing Invisalign share, especially among the teen population

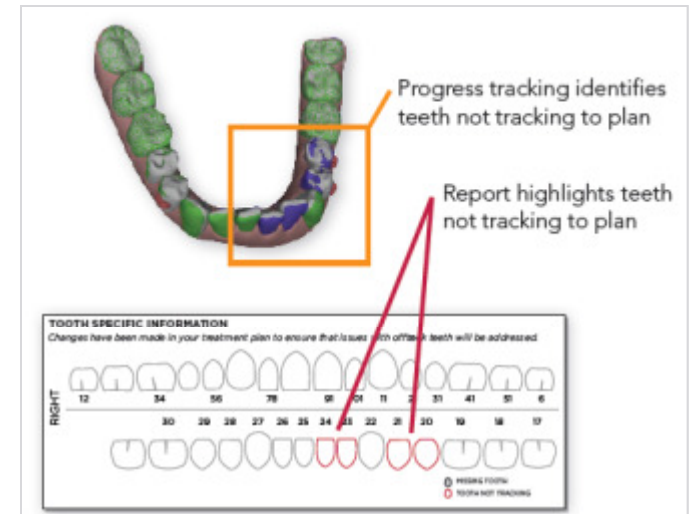
Teenagers using Invisalign



Product and Clinical Innovation

Q4 11 Invisalign Assist

- 5,695 Invisalign Assist cases or 7% of WW volume
 - +9% Q/Q and +50% Y/Y
- Invisalign Assist increases the likelihood of a new doctor becoming a routine user, while helping to increase utilization among lower volume doctors
- As they become more confident in delivering great results for their patients, they use Invisalign more regularly and on more complex cases.



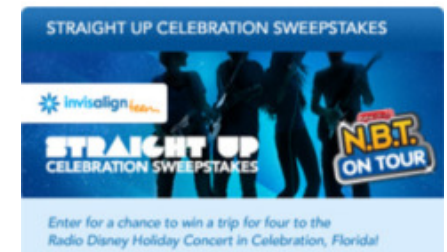
Consumer Demand Creation

Q4 11 Program Highlights

- Goal to raise awareness of Invisalign and Invisalign Teen as the best option for a healthy, beautiful smile among adults and teens.
- Traditional Media and Public Relations
 - Continued building awareness and demand for Invisalign, although with a significantly lower profile in TV advertising due to typical pre-holiday competition for airtime and consumer attention.
 - Featured in two of the nation's most popular women's lifestyle magazines – Woman's Day and Women's Health
- Digital and Social Media
 - Campaign to develop valuable online advocates and social media content through our Invisalign Mom Advisory Board and blogger events across N.A., including an Invisalign Teen campaign targeting Canadian moms
- PR and Event Marketing
 - Disney's Next Big Thing Tour sponsored by Invisalign Teen -- tour gave local doctors and Invisalign reps in each market the opportunity to engage with thousands of parents and kids, and created millions of media and online impressions through its related traditional PR and social media aspects.
- For Q1'12
 - Stepping up our media spend with national and cable TV advertising primarily focused on moms and teens, and expanding our presence in top markets with radio advertising to complement our TV ads.

LIVE WELL EVERY DAY
Woman's Day

Women's Health



Q4 11 International Update



- Revenue of \$30.4M
 - (2%) Q/Q and +23% Y/Y to 24% of WW revenues
- Invisalign case shipments of 19,600
 - +8% Q/Q and +20% Y/Y to 24% of WW volume
- Europe and other regions are even more underpenetrated than N.A. for both Invisalign and orthodontic treatment, and the cases they treat are more complex. We believe that Invisalign G3/G4 will continue to support growth into these markets with highly complex cases.
- When we factor in the economic headwinds in Europe to these opportunities, it has motivated us to accelerate some of our planned evolution in sales coverage, sales and marketing efficiency, clinical education, and the Invisalign platform that we went through several years ago in the U.S. We're still early in this process, but are seeing positive signs of progress, and are confident we can drive growth here.
- Japan continues to exhibit solid growth albeit on a small base. China, our newest direct country market, continues to make progress
- Distributors in country markets of Asia Pacific, EMEA, and Latin America
 - Continue to make good progress. Distributors represent 14% of int'l Invisalign revenue with growth rates outpacing Europe and N.A.
 - Launched Invisalign in the Middle East and received regulatory approval in Russia
 - Good efforts going on in Brazil and Argentina, places that should be a good fit for the Invisalign value proposition.

Scanner and CAD/CAM Services

Q4 11 Performance

- Q4 11 Scanner and CAD/CAM Services revenues of \$10.0M , compared to \$11.6M in Q3 11
 - Q4 11 Scanner \$5.2M, CAD/CAM Services \$4.8M, compared to \$5.4M and \$6.2M, respectively in Q3 11.
- Sequential decrease in Q4 revenue reflects lower than expected scanner sales in Europe based on lower procedure volume and lab activity, as well as lower scanner-related CAD/CAM services.
- N.A. scanner sales continue to benefit from leveraging our sales and marketing resources including Invisalign and industry events to introduce scanners to our customers.
- Overall, we are doing better than our original expectations in N.A., but yet not enough to offset the softness in Europe.



Scanner and CAD/CAM Services

Q4 11 Progress and Milestones

- Announced a significant software enhancement for the iTero 3D scanning system used in dental practices for a wide range of restorative dental procedures.
 - Latest version of iTero software includes the Invisalign Scanning Protocol for full interoperability with Invisalign treatment, including links to the Invisalign Doctor Site and to the Invisalign Case Gallery for patient education
- During 2012, we'll start rolling out chair-side applications to begin helping our lower volume doctors integrate these tools into their practices in a way that complements their existing workflow in the office. Our first chair-side application is currently in beta testing with a small number of N.A. GPs as preparation for commercial launch this summer.
- ~80% of our incoming Invisalign case submissions are now mostly digital except for the PVS impression.
 - Since making interoperability with Invisalign available on iOC in May, we have seen digital impressions begin to replace traditional PVS impressions among practices with our scanner.
 - ~6% of practices (of the 80%) are fully digital and include an IOS digital impression instead of a physical PVS impression. This trend is positive for both Align and our customers as they get their ClinCheck and final cases faster, with less hassle for patients.

Straumann and Biomet 3i Dental Implant

Custom Abutment Solutions with iTero

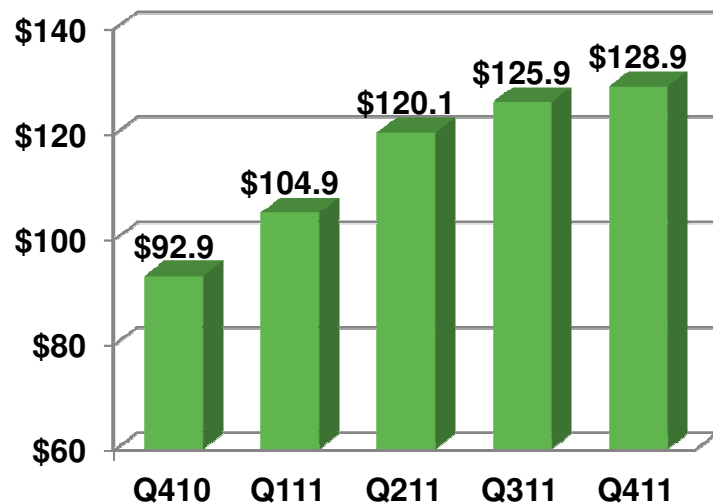
- Straumann, our distribution partner in Europe, and Biomet 3i are both leaders in dental implants. They each provide custom dental implant abutment solutions on the iTero scanner, and because we have an open architecture platform, anyone can use our STL files. This means that customers can export our STL digital files to any third party lab of choice for additional restorative options.
- Straumann
 - Entered into the limited market release for their implant analog digital workflow. Gives the ability to take an iTero scan of the Straumann Scan Body and utilize a stock Straumann repositionable analog and abutment to complete the restoration.
 - This new digital workflow gives the clinician open choice to utilize the Straumann digital workflow with custom and stock abutments.
 - We expect the analog workflow to be in general availability in near future.
- Biomet 3i
 - Continuing to actively collaborate to support their Bellatek Encode digital work flow with the iTero scanner.
 - We expect this collaboration within our field sales and marketing teams to grow over the coming months with expansion of our iTero field sales team.

Q4 FY2011 Financial Review

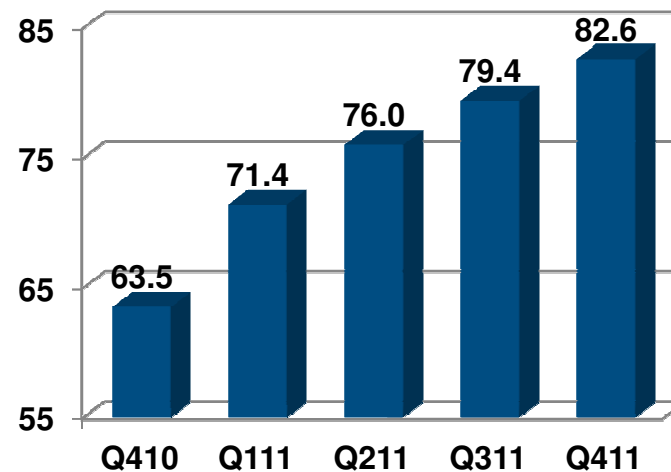
Ken Arola
Vice President, Finance and CFO

Q4 FY2011 Trended Financials

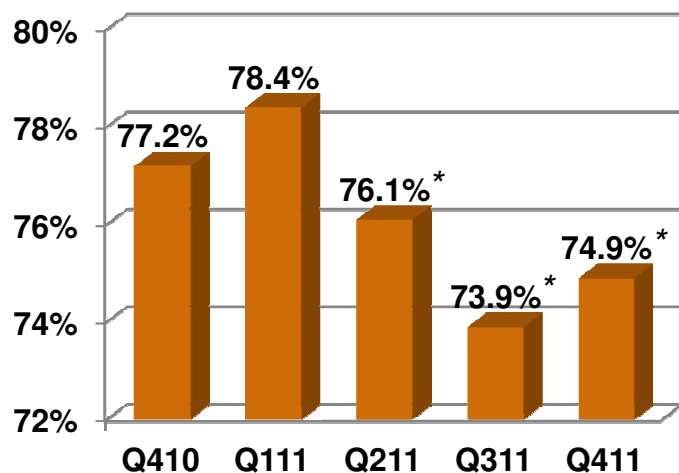
WW Net Revenue (\$M)



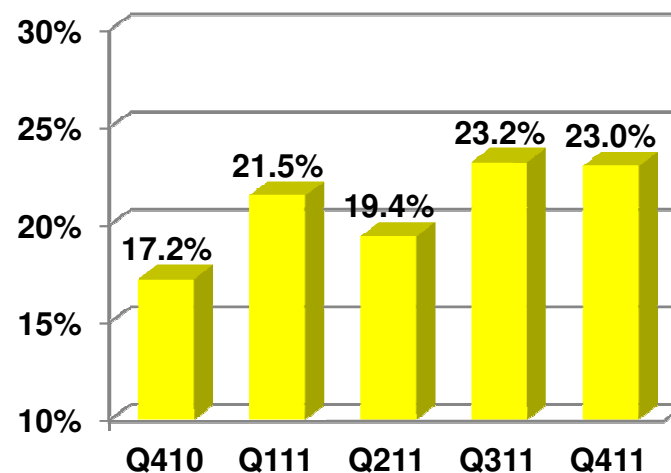
Invisalign Case Shipments (#K)



Gross Margin %



Operating Margin % *



* Non-GAAP

Q2 11 only includes 2 months of Scanner and CAD/CAM Services

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com> under Financial Information > Quarterly Results for each respective quarter.

Q4 FY2011 Revenue and Cases by Channel

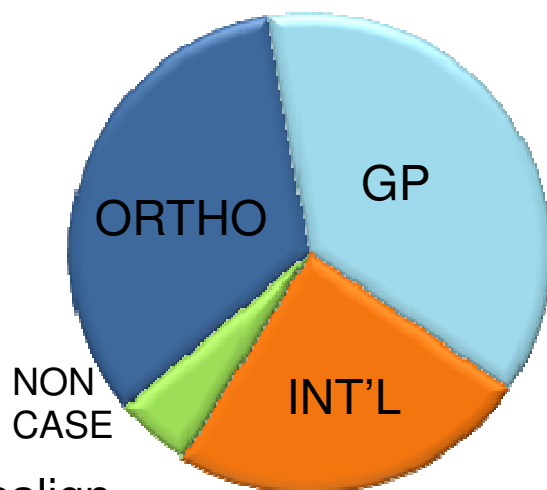
Q4 11 Revenue: \$128.9M

N.A. Ortho: 34%

- + 1% Q/Q
- + 50% Y/Y

N.A. GP: 37%

- + 4% Q/Q
- + 43% Y/Y



Invisalign

Non-case: 5%

- + 13% Q/Q
- + 33% Y/Y

Int'l: 24%

- (-2%) Q/Q
- + 23% Y/Y

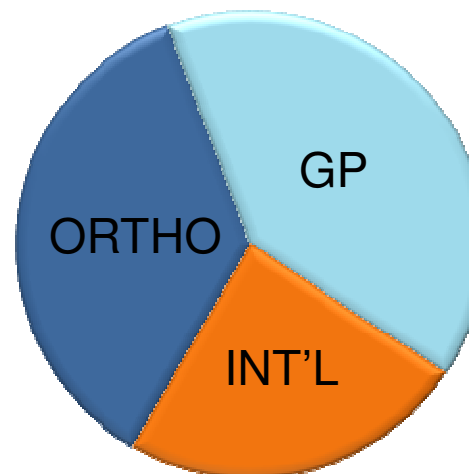
Q4 11 Invisalign Case Shipments: 82,590

N.A. Ortho: 36%

- (1%) Q/Q
- + 36% Y/Y

N.A. GP: 40%

- + 6% Q/Q
- + 31% Y/Y



Int'l: 24%

- + 8% Q/Q
- + 20% Y/Y

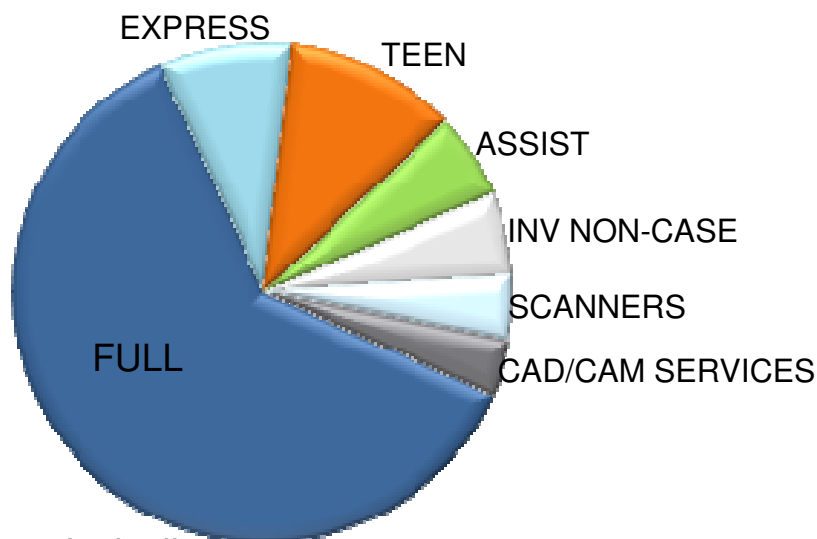
Q4 FY2011 Revenue and Cases by Product

Q4 11 Revenue: \$128.9M

Full: 62%
 • + 6% Q/Q
 • + 23% Y/Y

Express: 8%
 • + 4% Q/Q
 • + 31% Y/Y

Teen: 11%
 • (-6%) Q/Q
 • + 36% Y/Y



Invisalign

Assist: 6%
 • + 1% Q/Q
 • + 91% Y/Y

Non-case: 5%
 • + 13% Q/Q
 • + 33% Y/Y

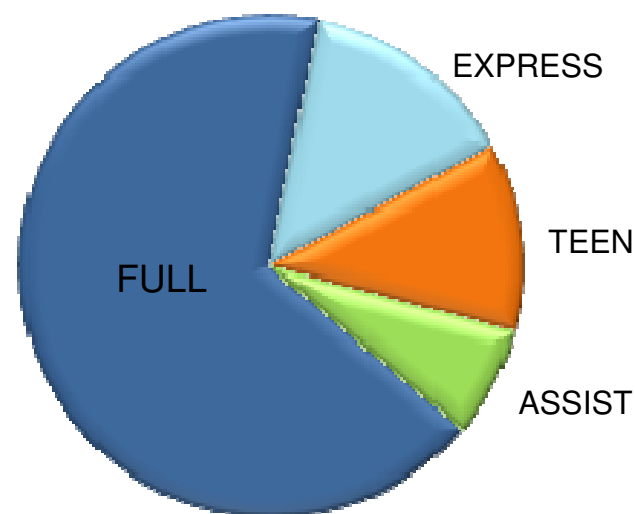
Scanner: 4%
 • (-4%) Q/Q

C/C Services: 4%
 • (-23%) Q/Q

Q4 11 Invisalign Case Shipments: 82,590

Full: 67%
 • + 8% Q/Q
 • + 27% Y/Y

Express: 14%
 • - 3% Q/Q
 • + 28% Y/Y



Teen: 12%
 • (-16%) Q/Q
 • + 41% Y/Y

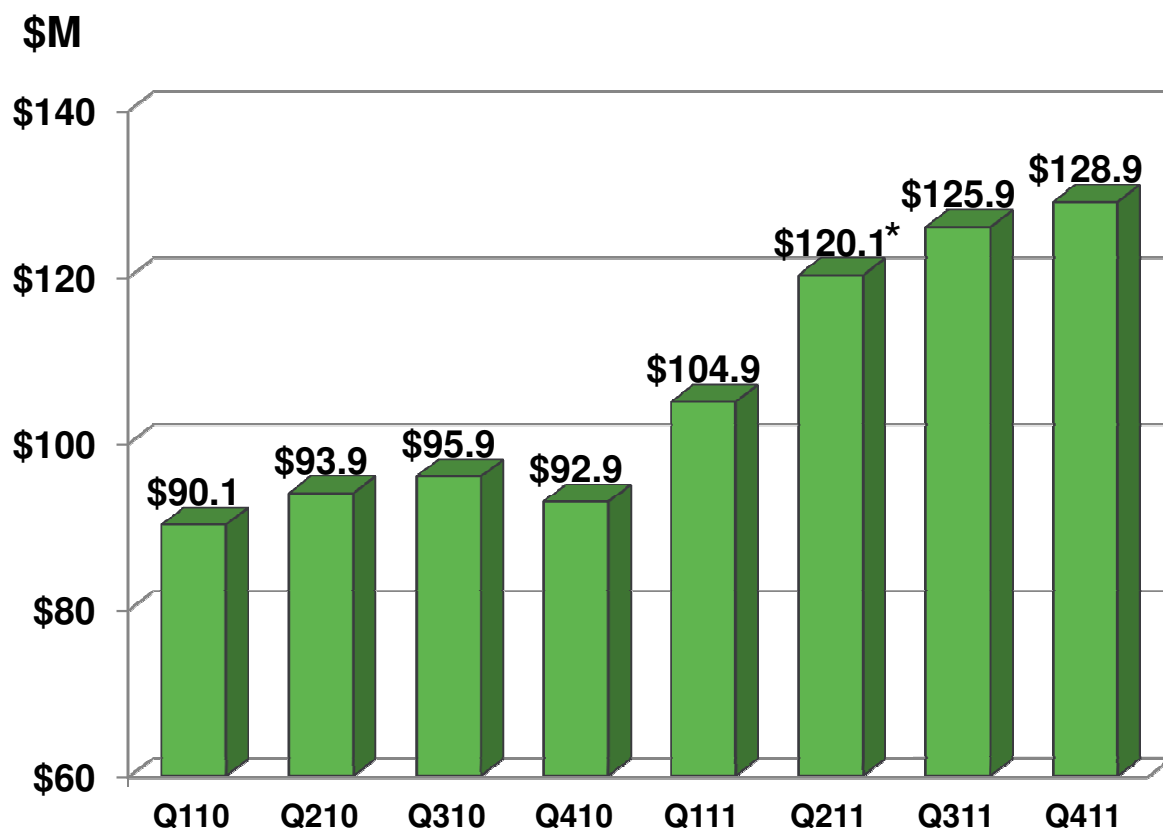
Assist: 7%
 • + 9% Q/Q
 • + 50% Y/Y

Q4 FY2011 Income Statement Highlights

	Q4 11	Q3 11	Sequential Change	Q4 10	Year/Year Change
Revenue	\$128.9	\$125.9M	+2.4%	\$92.9M	+38.8%
Gross Margin	74.1%	73.4%	0.7% pts	77.2%	(3.1%) pts
Non-GAAP Gross Margin	74.9%	73.9%	1.0% pts	77.2%	(2.3%) pts
Operating Expenses	\$69.1M	\$66.1M	+4.6%	\$57.0M	+21.3%
Non-GAAP Op Exp	\$66.9M	\$63.8M	+4.8%	\$55.7M	+20.0%
Operating Margin	20.5%	20.9%	(0.4%) pts	15.9%	4.6% pts
Non-GAAP Op Margin	23.0%	23.2%	(0.2%) pts	17.2%	5.8% pts
GAAP EPS, diluted	\$0.25	\$0.24	\$0.01	\$0.13	\$0.12
Non-GAAP EPS, diluted	\$0.28	\$0.27	\$0.01	\$0.14	\$0.14

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com> under Financial Information > Quarterly Results for each respective quarter.

Revenue Trend



Q4 11 Revenue Highlights

- Revenues of \$128.9M (+2.4% Q/Q, + 38.8% Y/Y)
 - \$118.9M for Invisalign
 - \$10.0M for scanners & CAD/CAM services
- Q/Q Invisalign increase reflects increased N.A.GP and Int'l case volume, partially offset by lower ASPs driven by foreign exchange rates, as the dollar strengthened against the Euro, and increased Advantage rebates as a record number of doctors received rebates and are moving up in the program tiers.
- Y/Y Invisalign increase primarily by higher volumes across all customer channels.

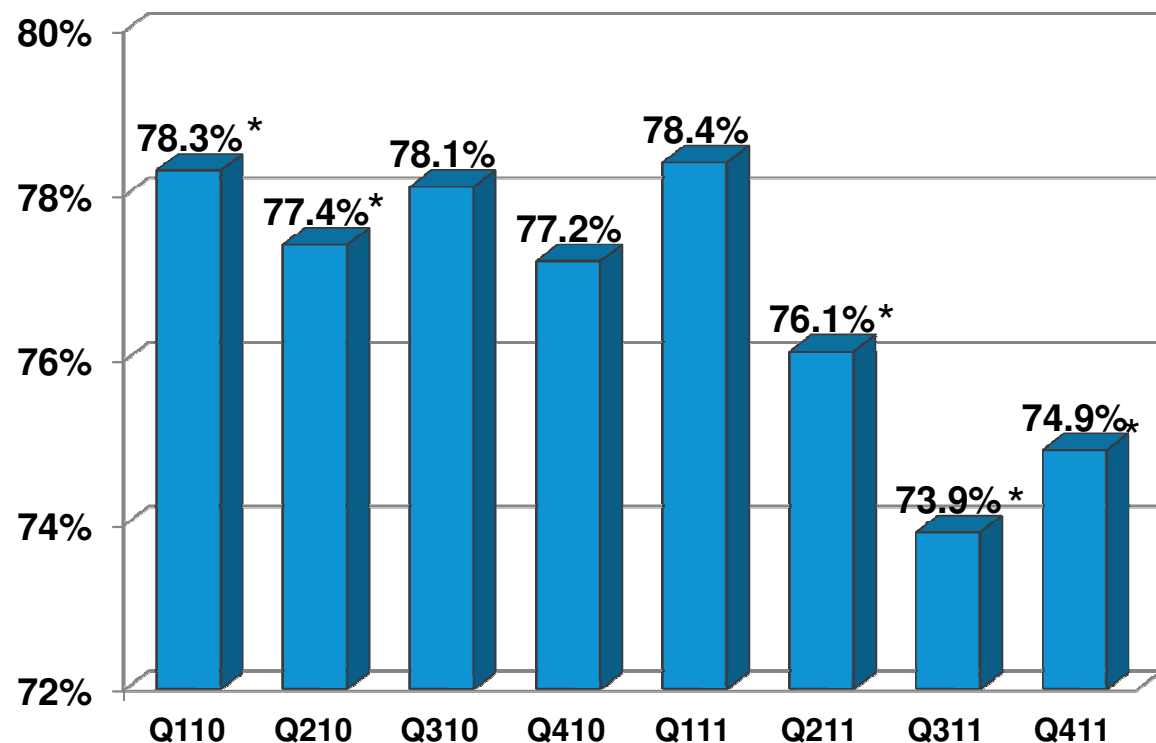
* Non-GAAP

Q2 11 only includes 2 months of Scanner and CAD/CAM Services

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Gross Margin Trend

GAAP %



Q4 11 Gross Margin Highlights

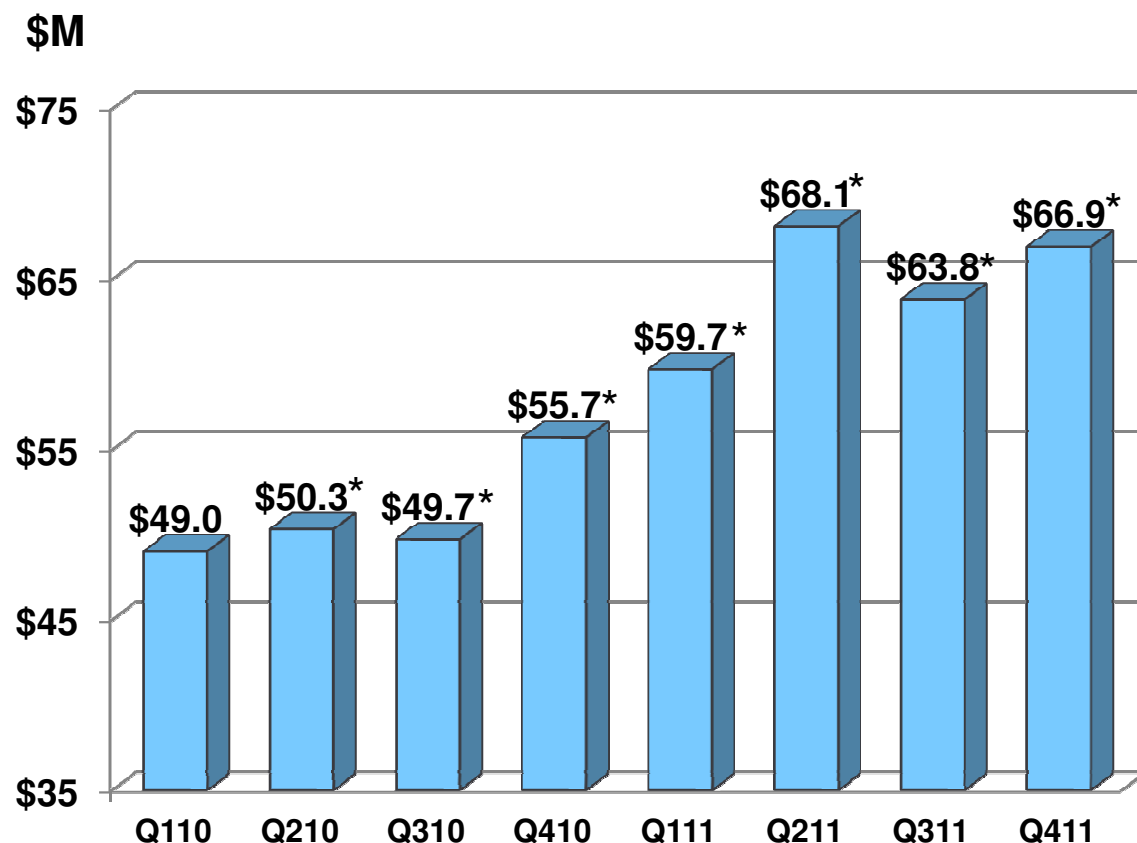
- GAAP gross margin was \$95.6M or 74.1%.
- Non-GAAP gross margin of \$96.6M or 74.9%
 - +1.0% pts Q/Q, -2.3% pts Y/Y
 - GAAP Invisalign: 78.7%
 - Non-GAAP Scanners and CAD/CAM services: 30.0%.
- Q/Q increase primarily reflects increased Invisalign case volume, which was partially offset by Foreign Exchange rates and Advantage rebates
- Includes stock based compensation expense of \$0.5M

* Non-GAAP

Q2 11 only includes 2 months of Scanner and CAD/CAM Services

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com> under Financial Information > Quarterly Results for each respective quarter.

Operating Expense Trend



Q4 11 Op Ex Highlights

- GAAP operating expense was \$69.1M
- Non-GAAP operating expenses were \$66.9M
 - + 4.8% Q/Q, + 20.0% Y/Y
- Q/Q increase primarily driven by a full quarter's effect from additions to our sales force, including N.A. scanner sales headcount, implementation of marketing programs in both N.A. and Int'l, and costs to commercialize Invisalign G4.
- Includes stock-based compensation expense of \$4.5M

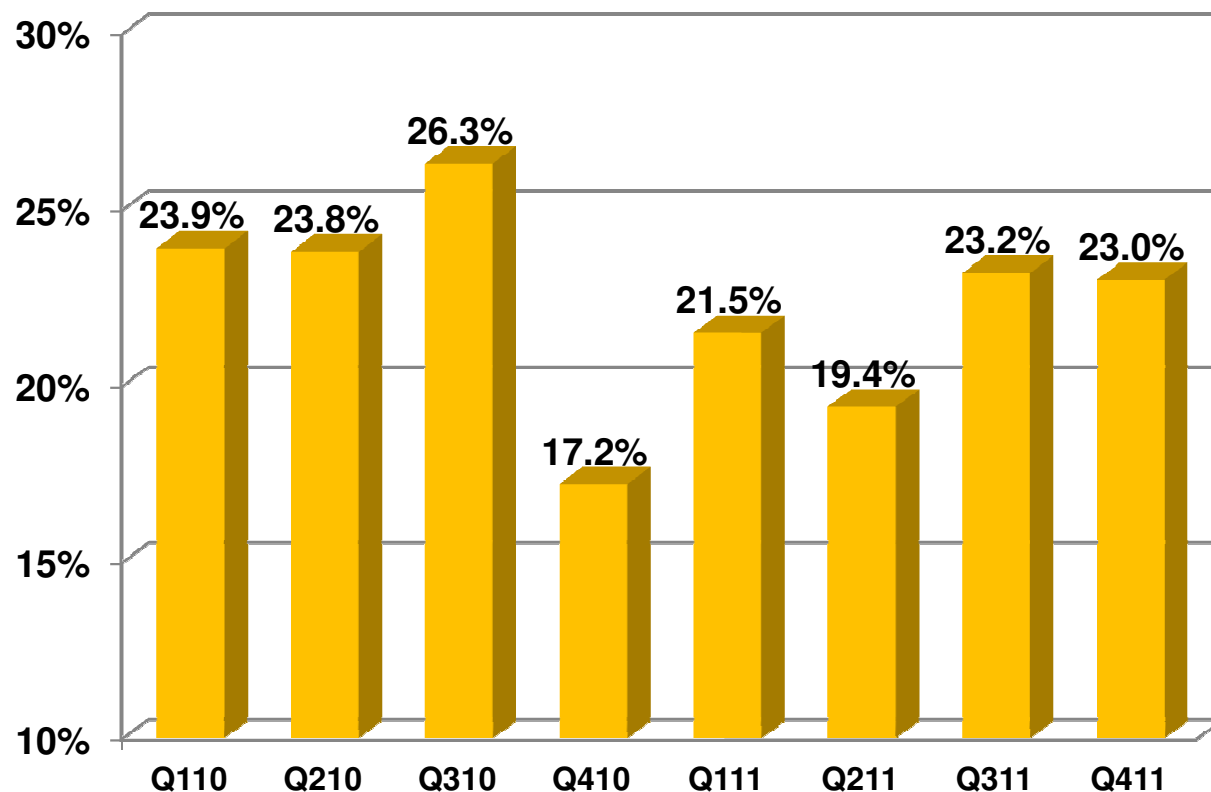
* Non-GAAP

Q2 11 only includes 2 months of Scanner and CAD/CAM Services

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com> under Financial Information > Quarterly Results for each respective quarter.

Operating Margin Trend

Non-GAAP %



Q3 11 Op Margin* Highlights

- Non-GAAP operating income was \$29.7M
- Non-GAAP Operating Margin 23.0%
 - - 0.2% pts. Q/Q
 - + 5.8% pts. Y/Y

* Non-GAAP

Q2 11 only includes 2 months of Scanner and CAD/CAM Services

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com> under Financial Information > Quarterly Results for each respective quarter.

Balance Sheet Highlights

	Q4 11	Q3 11	Q4 10
Cash, Cash Equivalents, & Marketable Securities	\$248.1M	\$211.1M	\$312.4M
Cash Flow from Operations	\$42.3M	\$41.6M	\$32.5M
DSOs	64 days	62 days	63 days

Q2 11 cash, cash equivalents & marketable securities reflects cash paid for the Cadent acquisition

Stock Repurchase Program

- Board approved a \$150M Stock Repurchase Program last quarter
- In Q4 2011, the Company repurchase approximately 300,000 shares at an average price of \$24.00 per share for a total of \$7.8 million.
- We have \$142.2 million remaining under the authorization.

FY2011 Financial Highlights

- FY2011 revenues of \$479.7 million, +23.9% Y/Y
 - Invisalign revenue of \$451.7 million was up 16.7% Y/Y and reflects growth across all customer channels.
 - Scanner and CAD/CAM services revenue was \$28 million for the 8 months of 2011.
- Invisalign case shipments of 309,335, +18.6% Y/Y
- Non-GAAP operating income \$104.7 million or 21.8%
- Non-GAAP net profit \$78.1 million, \$0.97 EPS per diluted share
- Overall, we're pleased with our continued progress in the business and financial performance for the year.
- The solid non-GAAP operating margin of 21.8% reflects the continued strong underlying performance of the Invisalign business, while investing in the scanner and CAD/CAM service business to deliver long term value.
- Despite a challenging economy in both Europe and N.A., we have continued our focus and execution of our strategic initiatives and demonstrated our ability to grow the top line.

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com> under Financial Information > Quarterly Results for each respective quarter.

3 to 5 Year Financial Model Targets

	Q4 11 Actual	Q4 10 Actual	3 – 5 Year Model
Revenue CAGR%			15 - 25%
Non-GAAP Gross Margin	74.9%	77.2%	73% - 78%
Non-GAAP Op Ex %	51.9%	60.0%	45% - 50%
Non-GAAP Op Margin	23.0%	17.2%	25% - 30%

**Non-GAAP*

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com>

Financial Outlook

Factors That Inform Our View of Q1 2012

- 2012 is off to a good start with patient flow in N.A. doctor's offices remains healthy.
- For Invisalign the typical seasonality we see for both N.A. Orthos and GPs is for case volume to increase sequentially. For International, Q4 is generally their strongest quarter and Q1 is typically down a bit, especially in Europe, with fewer in office days for doctors due to holiday schedules. In addition to these seasonal trends in the business, we expect recent movements in the Euro to have downward pressure on International ASPs. Also, with continued progress in utilization growth we expect to see higher levels of Advantage rebates.
- Invisalign customers in N.A. and Europe report steady patient flow in their offices, we continue to be thoughtful about near-term consumer sentiment and the potential impact on dental visits and high value procedures like Invisalign, particularly in Europe.
- On the scanner and CAD/CAM services side of the business, while it is newer to us and we have not experienced a full annual cycle, Q4 is typically the strongest quarter for dentists and specialist to purchase capital equipment. As such, we'd expect Q1 to be down sequentially. In addition, we continue to focus on how to restage growth in Europe and are working with our distribution partner to make that happen.

Q1 Fiscal 2012 Outlook

Q1 12 Outlook	GAAP	Non-GAAP
Revenue	\$125.4 M – \$127.9 M	
Invisalign Case Shipments	82.5 K – 84.0 K	
Gross Margin	72.1 % – 73.3 %	72.7 % – 73.9 %
Operating Expenses	\$71.4 M – \$72.7 M	\$69.7 M – \$71.0 M
Operating Margin	15.2 % – 16.4 %	17.1 % – 18.4 %
EPS, diluted	\$0.17 – \$0.19	\$0.19 – \$0.21
Effective tax rate	26%	
Stock based compensation	\$5.5 M	
Diluted shares outstanding	81 M *	
Cash	\$250 M - \$255 M *	

* Excludes any stock repurchase during the quarter

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com>

FY 2012 Perspective and Commentary

- Invisalign: we believe with the evolution of Invisalign product platform including Invisalign G4 and Invisalign Express 5 we will continue to make progress in adoption growth and drive Invisalign volumes and share gains during the year. We anticipate this expected increase in adoption and utilization will lead to a higher level of participation in the Advantage rebate program. We also believe we will be facing stronger headwinds from Foreign Exchange rates in 2012 which along with increasing Advantage rebates will impact ASPs.
- Scanner and CAD/CAM Services: implementing an aggressive plan to enhance our scanner and CAD/CAM services business. As part of that plan we have now completed the hiring of the N.A. scanner sales team and delivered Invisalign interoperability for the iOC and iTero scanners. We believe scanner sales in N.A. will continue to be solid and expect Europe to be off a bit.
- Gross margin: in the midst of moving the scanner and CAD/CAM services operations from New Jersey to Juarez and Costa Rica, and we will be incurring transition costs in COGS and operating expenses starting now through Q3 of 2012. Until we complete the New Jersey consolidation and the move of aligner fabrication to our new facility in Juarez, we would expect gross margin to remain at the lower end or slightly below our long term range of 73-78%. In addition, other elements that can impact our gross margin structure, either positive or negative, are significant shifts in Invisalign case volume quarter-to-quarter, movements in foreign exchange rates -- particularly the Euro, and levels of Advantage rebates and promotional discounts attained by our customers.
- Operating expenses: we expect some quarterly fluctuation from Q1 levels during the year due to the timing and amounts of spend relative to consumer marketing, International expansion, R&D investments, product commercialization efforts, and significant trade show and industry events.
- We believe we can continue to drive Invisalign volumes and adoption growth to build this business. We are pleased with better than expected progress in scanners and CAD/CAM services in N.A., but it's not enough to offset softness in Europe for now. We remain committed to investing strategically in the same areas you saw us deliver value in 2011. As we complete the transition out of New Jersey and bring up our new manufacturing facility in Juarez, we would expect operating margins to return the low- 20% range in the second half of 2012.

FY 2011 Closing Comments

- Many significant accomplishments in 2011, including the acquisition of Cadent Holdings, Inc. followed shortly by the introduction of interoperability with Invisalign on both the iOC and iTero scanners, as well as other improvements.
- When we put together the strategic rationale for the Cadent acquisition, we believed that Invisalign interoperability on IOS scanners would improve utilization. And while it's still very early, we're already starting to see greater Invisalign case utilization among our busier Orthodontists iOC scanner users. These early results are more positive than we expected, especially since chair-side applications aren't available yet. These early trends and this positive direction reinforces our confidence in our strategic direction as well as our term growth rate targets.
- Biggest evolution in the Invisalign platform's history, with the rollout of Invisalign G3 internationally, launch of Invisalign G4 worldwide, as well as the introduction of Invisalign Teen and Vivera Retainers in Japan. We also continued to gain share in the very important Teen Orthodontic segment in existing markets while expanding into new geographies including China, Turkey, the Middle East and Russia.
- Continued to build and make progress in establishing the Invisalign brand more strongly among dental practices and consumers alike. Invisalign has become one of the most recognizable brands in dentistry, and while we're still in early stages of our growth, we're well on the way of establishing Invisalign as one of the more valuable brand franchises in dentistry.
- Optimistic about recent trends in volumes and believe we'll continue solid execution of our current plans. We'll also continue to focus on our top priorities and actively manage the business, while making appropriate investments to support our strategic initiatives.

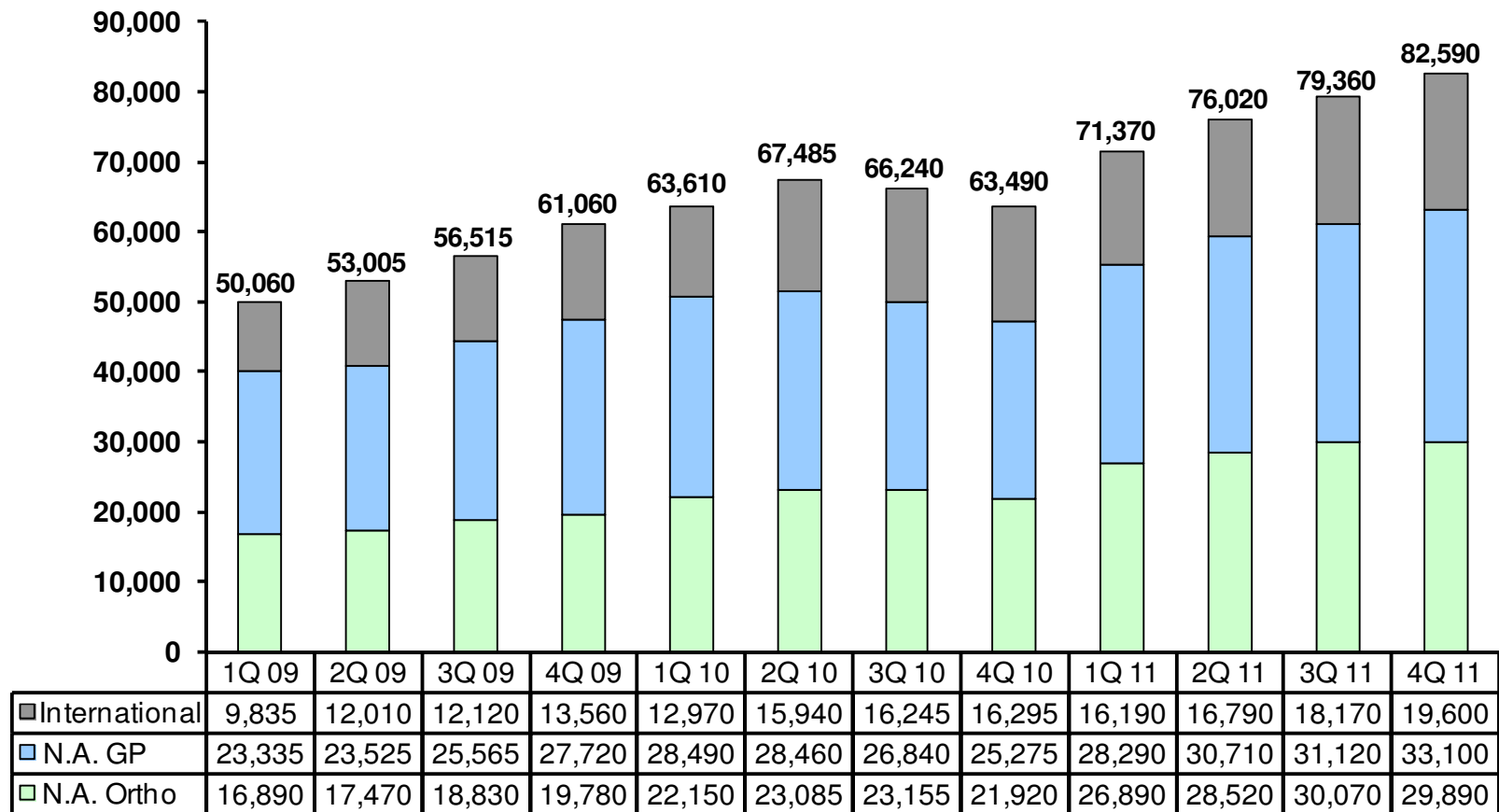
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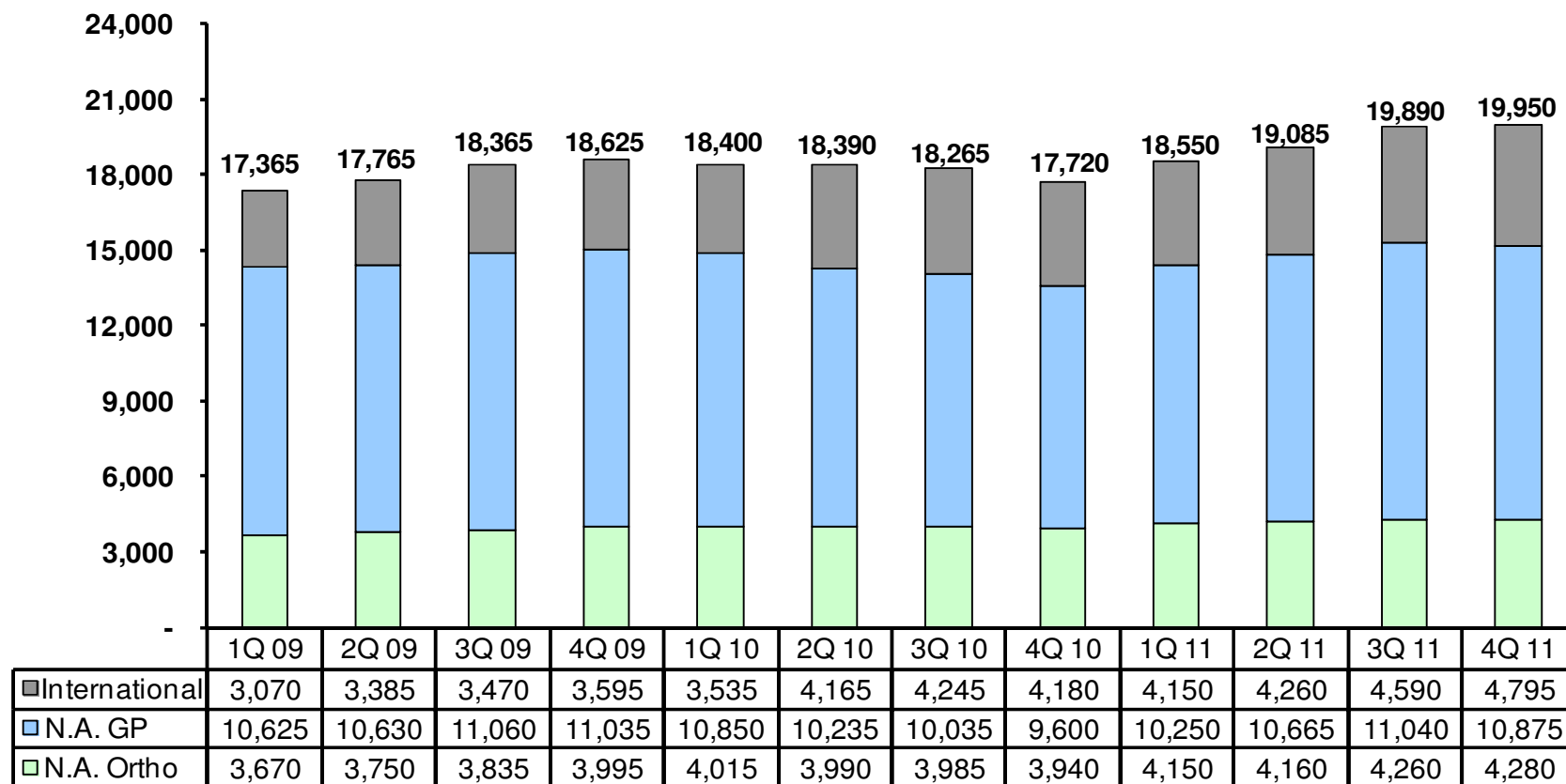
Additional Invisalign Data

Historical Information as of 12/31/11

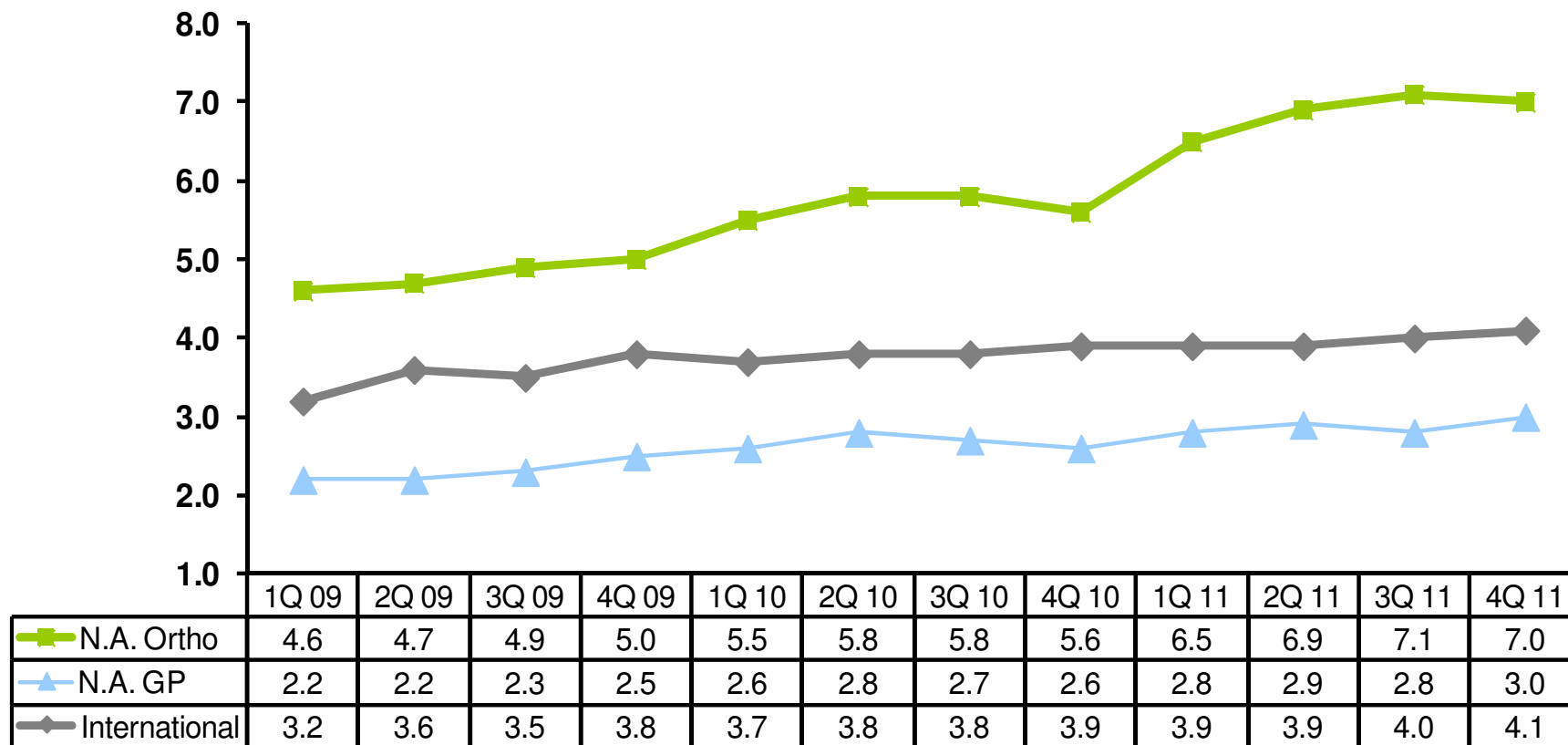
Invisalign Cases Shipped By Channel



Total Doctors Invisalign Cases Shipped To

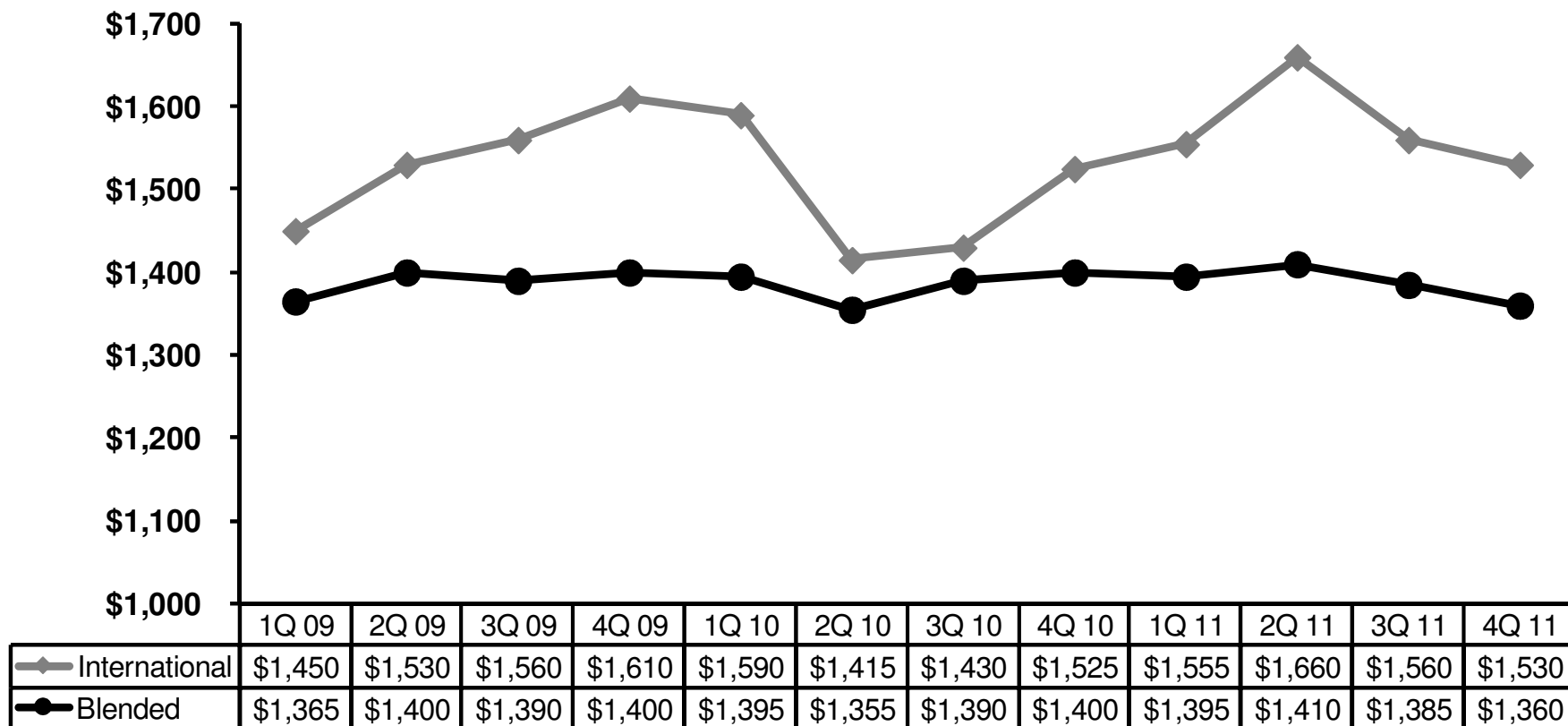


Invisalign Utilization Rate*



*Utilization Rate = # of Cases Shipped / # of Doctors Cases Are Shipped To

Invisalign Average Selling Price (ASP), as billed



* Beginning in Q1 2008, ASPs reflect gross revenue prior to impact from new products deferrals
Beginning in Q1 2009, blended ASPs do not include Align's retainer business