As filed with the Securities and Exchange Commission on December 28, 2000

Registration No. 333-49932

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1

to
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)

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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	Amount to be Registered(2)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, $0.0001 par value.....	11,500,000	$16.00	$184,000,000	$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.

(3) $52,800 was paid at the time of the initial filing of this Registration Statement.

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.

++
+   +
+The information in this preliminary prospectus is not complete and may be   +
+changed. We may not sell these securities until the registration statement   +
+filed with the Securities and Exchange Commission is declared effective. This +
+preliminary prospectus is not an offer to sell these securities and it is not +
+soliciting an offer to buy these securities in any state where the offer or   +
+sale is not permitted.   +
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Subject to Completion, Dated December 28, 2000

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

[Align Technology, Inc. Logo]

10,000,000 Shares
Common Stock

This is the initial public offering of Align Technology, Inc. We are offering 10,000,000 shares of our common stock. We anticipate that the initial public offering price will be between $14.00 and $16.00 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 risk. See "Risk Factors" beginning on page 5.

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.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to Align Technology, Inc.	$	$

We have granted the underwriters the right to purchase up to 1,500,000 additional shares of common stock to cover over-allotments.

Deutsche Banc Alex. Brown

Bear, Stearns & Co. Inc.

J.P. Morgan & Co.

Robertson Stephens

The date of this prospectus is , 2001

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."

PROSPECTUS SUMMARY

This summary highlights selected information contained in greater detail 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 the 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. Individuals with mature dentition have fully erupted second molars and substantially complete jaw growth. This group 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 November 2000, we had trained more than 5,300 orthodontists to use the Invisalign System, representing approximately 60% of all practicing U.S. and Canadian orthodontists. In addition, over 1,000 orthodontists have enrolled in our training program scheduled for January 2001. As of November 2000, over 2,000 of the orthodontists we have trained had submitted one or more cases to us. To date, approximately 9,200 patients have commenced treatment with the Invisalign System, including more than 1,700 patients in November 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.

Depending on each orthodontist's pricing policy, the cost of the Invisalign System to the patient may be greater than for conventional braces. Orthodontists must incorporate our custom manufacturing cycle times into their overall treatment plan, as they generally receive a patient's Aligners a month or more after a case is submitted. In addition, because Aligners are removable, treatment using the Invisalign System depends on patients wearing their Aligners as recommended. Some patients may experience a temporary period of adjustment to wearing Aligners that may mildly affect speech.

We were 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.

The Offering

Common stock offered by Align Technology....	10,000,000 shares
Common stock to be outstanding after this offering.....	45,615,722 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."
Nasdaq National Market symbol.....	ALGN

The number of shares of our common stock outstanding upon completion of this offering is based on shares outstanding as of November 30, 2000. This number assumes the conversion into common stock of all of our preferred stock outstanding on that date, including 1,436,710 shares of Series D preferred stock issued in October 2000, which converts into 1,462,317 shares of common stock, but does not include:

- 2,126,184 shares of common stock issuable upon exercise of outstanding stock options at a weighted average exercise price of $0.73 per share;
- 2,067,390 shares of common stock available for grant under our 1997 Equity Incentive Plan;
- 8,000,000 shares of common stock to be reserved for issuance under our 2001 Stock Incentive Plan;
- 1,500,000 shares of common stock to be reserved for issuance under our Employee Stock Purchase Plan; and
- 645,834 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 $1.94 per share.

Unless otherwise indicated, all information contained in this prospectus assumes:

- a 2 for 1 split of the common stock to be completed prior to the effectiveness of the offering;
- 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 for certain option grants through November 30, 2000. Unless otherwise indicated, this prospectus does not assume adjustment to the Series D conversion price which will result from options to be granted by us subsequent to that date. See "Certain Transactions--Preferred Stock Sales." The outstanding preferred stock is presented on an as-if-converted basis; 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
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	$(0.43)	$ (1.33)	$ (3.65)	$ (2.11)	$ (17.94)
Shares used in computing net loss per share available to common stockholders, basic and diluted	1,542	2,842	4,218	4,060	5,434
Pro forma net loss per share available to common stockholders, basic and diluted (unaudited)			$ (0.92)		$ (2.11)
Shares used in computing pro forma net loss per share available to common stockholders, basic and diluted (unaudited)			16,678		25,270

	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	$190,279
Restricted cash	18,127	18,127	18,127

Working capital	47,758	62,970	200,170
Total assets	75,567	90,779	227,979
Long term obligations, net of current portion	1,569	1,569	1,569
Convertible preferred stock and warrants	115,708	--	--
Total stockholders' equity (deficit)	(56,086)	74,834	212,034

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(1) The pro forma column reflects the sale of 1,436,710 shares of Series D preferred stock in October 2000 at an offering price of $10.625 per share less estimated offering expenses of $53,000, and the conversion of all outstanding shares of preferred stock into 25,957,668 shares of common stock effective upon the closing of this offering. This amount also includes an additional 169,934 shares of common stock which reflects the effect of the conversion price adjustment to the Series D preferred stock resulting from stock option grants through November 30, 2000.

(2) The pro forma, as adjusted column reflects the sale of 10,000,000 shares of our common stock in the public offering at an assumed initial public offering price of $15.00 per share, after deducting underwriting discounts, commissions and estimated offering expenses.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors and all other information contained in this prospectus before purchasing our common stock. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us.

If any of the following risks occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline, and you may lose some or all of your investment.

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.

We have limited product offerings, and if demand for our Invisalign System declines or fails to develop as we expect, our revenue will decline.

We derive a substantial portion of our revenue from the sale of our Invisalign System. For the nine-month period ended September 30, 2000, we derived 71% of our revenue from the sale of our Invisalign System. We expect that revenue from the sale of our Invisalign System will continue to account for a substantial portion of our total revenue. Continued and widespread market acceptance of our System is critical to our future success. The Invisalign System may not achieve market acceptance at the rate at which we expect, or at all, which could reduce our revenue.

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

As of November 30, 2000, approximately 2,000 of the 5,300 orthodontists we had trained had submitted one or more cases to us. 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. While we have generally received positive feedback from both orthodontists and patients regarding our Invisalign System as both an alternative to braces and as a clinical method for treatment of malocclusion, our success will depend upon the rapid acceptance of our System by the substantially larger number of potential patients to which we are now actively marketing. We have had a limited number of complaints from patients and prospective patients generally related to shipping delays and minor manufacturing irregularities. 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 and 46 pending U.S. patent applications. We have two foreign-issued patents and 111 pending foreign patent 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 filings may not issue as patents. Additionally, any patents issued to us may be challenged, invalidated, held unenforceable, circumvented, or may not be sufficiently broad to prevent third parties from producing competing products similar in design to our products. In addition, protection afforded by foreign patents may be more limited than that provided under U.S. patents and intellectual property laws.

We also rely on protection of copyrights, trade secrets, know-how 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. Our inability to maintain the proprietary nature of our technology through patents, copyrights or trade secrets would impair our competitive advantages and could have a material adverse effect on our operating results, financial condition and future growth prospects. In particular, a failure of our proprietary rights might allow competitors to copy our technology, which could adversely affect pricing and market share.

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 device 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. The complaint alleged that the Invisalign System infringed certain claims of the two patents relating to computer modeling of an ideal dentition and the production of

orthodontic appliances based upon the ideal dentition. The suit has been dismissed but can be recommenced under certain circumstances. See "Business--Legal Proceedings." If the Ormco suit were recommenced and if Ormco were to prevail, we would have to seek a license from Ormco, which license might not be available on commercially reasonable terms or at all. In that event, we could be subject to damages or an injunction which could materially adversely affect our business.

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 in any other litigation or interference proceeding to which we may become a party could subject us to significant liabilities. An adverse determination of this nature could also put our patents at risk of being invalidated or interpreted narrowly or require us to seek licenses from third parties. Licenses may not be available on commercially reasonable terms or at all, in which event, our business would be materially adversely affected.

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 facilities in Pakistan to create electronic treatment plans with the assistance of sophisticated software. We employ approximately 650 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 1,080 employees as of November 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.

After this offering, we will have 45,615,722 shares of common stock outstanding. All of our officers and directors and substantially all of our existing stockholders have entered into lock-up agreements providing that they will not sell any of our common stock until 180 days from the date of this prospectus, without the prior written consent of Deutsche Bank Securities Inc., the legal name of which is expected to change to "Deutsche Banc Alex. Brown Inc." on January 16, 2001. 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. Please see "Shares Eligible for Future Sale" for a description of sales that may occur in the future.

Our management has broad discretion in using the proceeds from this offering, which might not be used in ways that improve our operating results or increase our market value.

Our management will have broad discretion as to how the net proceeds of this offering will be used, including uses which may not improve our operating results or increase our market value. Investors will rely on the judgment of management regarding the application of the proceeds of this offering.

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, 61.3% 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 $10.09 in net tangible book value per share of common stock, based on as assumed public offering price of $15.00 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 Prospectus 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 10,000,000 shares of common stock we are offering are estimated to be $137,200,000 ($158,125,000 if the underwriters' over-allotment option is exercised in full) assuming an initial public offering price of $15.00 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 1,436,710 shares of Series D preferred stock in October 2000 at an offering price of $10.625 per share less estimated offering expenses of $53,000, and the conversion of all outstanding shares of preferred stock into 25,957,668 shares of common stock effective upon the closing of this offering. This amount also includes an additional 169,934 shares of common stock which reflects the effect of the conversion price adjustment to the Series D preferred stock resulting from stock option grants through November 30, 2000; and
- our pro forma as adjusted capitalization to reflect the sale of 10,000,000 shares of common stock at an assumed initial public offering price of $15.00 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
	(dollars in thousands)		
Long term obligations, net of current portion..	$ 1,569	$ 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; 24,351,024 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, actual and pro forma; 7,188,392 shares issued and outstanding, actual; 33,146,060 shares issued and outstanding, pro forma; 200,000,000 shares authorized, pro forma as adjusted; 43,146,060 shares issued and outstanding, pro forma as adjusted.....	1	3	4
Additional paid-in capital.....	91,925	222,843	360,042
Deferred stock-based compensation.....	(74,847)	(74,847)	(74,847)
Accumulated deficit.....	(73,165)	(73,165)	(73,165)
Total stockholders' equity (deficit).....	(56,086)	74,834	212,034
Total capitalization.....	$ 61,191	$ 76,403	$213,603

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

- 4,305,156 shares of common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of $0.79 per share;
- 2,362,074 shares of common stock available for grant under our 1997 Equity Incentive Plan;
- 8,000,000 shares of common stock to be reserved for issuance under our 2001 Stock Incentive Plan;
- 1,500,000 shares of common stock to be reserved for issuance under our Employee Stock Purchase Plan;
- 645,834 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 $1.94 per share; and

- the adjustment to the conversion price for the Series D preferred stock resulting from option grants subsequent to November 30, 2000. See "Certain Transactions--Preferred Stock Sales."

DILUTION

Our net tangible book value as of September 30, 2000 was approximately $59.6 million, or approximately $1.89 per share of common stock assuming conversion of all preferred stock outstanding at that date into an aggregate of 24,351,024 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 10,000,000 shares of common stock in this offering at an assumed price of $15.00 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 $196.8 million, or $4.74 per share. The offering will result in an increase in net tangible book value of $2.85 per share to existing stockholders and an immediate dilution of $10.26 per share to new investors, or approximately 68% of the assumed offering price of $15.00 per share.

Pro forma net tangible book value dilution per share represents the incremental dilutive effect of the sale of 1,436,710 shares of Series D preferred stock at an offering price of $10.625 per share, after deducting estimated offering expenses of $53,000. The Series D preferred stock converts into an additional 169,934 shares of common stock as a result of an antidilution conversion feature of our Series D preferred stock. See "Certain Transactions--Preferred Stock Sales." The following table illustrates this calculation of per share dilution:

Assumed initial public offering price per share.....		$15.00
Net tangible book value per share as of September 30, 2000..	$1.89	
Increase per share attributable to new investors.....	2.85	
Net tangible book value per share after this offering.....		4.74
Dilution per share to new investors.....		10.26
Incremental dilution occurring upon sale and effect of the conversion price adjustment of Series D preferred stock.....		(0.17)
Pro forma dilution per share to new investors.....		$10.09

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 $15.00 per share:

	Shares Purchased		Total Consideration		
	Number	Percent	Amount	Percent	Average Price Per Share
Existing stockholders...	33,146,060	77%	$129,093,000	46%	$ 3.89
New investors.....	10,000,000	23	150,000,000	54	15.00
Total.....	43,146,060	100%	$279,093,000	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 4,305,156 shares of common stock issuable upon exercise of outstanding stock options under our 1997 Equity Incentive Plan at a weighted average exercise price of $0.79 per share, 2,362,074 shares remaining to be issued under the Plan, and 645,834 shares of common stock issuable upon exercise of outstanding warrants at a weighted average exercise price of $1.94 per share. There will be 8,000,000 shares of common stock reserved for issuance under our 2001 Stock Incentive Plan. There will be 1,500,000 shares of common stock reserved for issuance under our Employee Stock Purchase Plan. 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 $4.51 and the

dilution per share to the new investors would be $0.40.

SELECTED CONSOLIDATED FINANCIAL 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 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
	(in thousands, except per share data)				
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	$(0.43)	$ (1.33)	$ (3.65)	$ (2.11)	$ (17.94)
Shares used in computing net loss per share available to common stockholders, basic and diluted	1,542	2,842	4,218	4,060	5,434

	December 31,			September 30,
	1997	1998	1999	2000
Balance Sheet Data:				
Cash, cash equivalents and marketable securities	$1,506	$ 6,923	$ 12,085	$ 37,867
Restricted cash	--	--	340	18,127
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 our 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.

While our expansion outside of our domestic market is still in an exploratory stage, we do incur substantial operating costs outside of our domestic market. Two of our key production steps are performed in operations located outside of the U.S. In our facilities in Pakistan, technicians use a sophisticated, internally developed computer modeling program to prepare electronic treatment plans, which are transmitted via the Internet back to the U.S. These files form the basis of our ClinCheck product and are used for the manufacture of Aligner molds. In addition, a third party manufacturer in Mexico fabricates and performs finishing work on completed Aligners and ships the completed products to our customers. Our costs associated with these operations are denominated in Pakistani rupees and Mexican pesos. Our reliance on international operations exposes us to risks and uncertainties that may affect our business or results of operations including, among others, 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, and trade restrictions and changes in tariffs. However, we believe these risks are mitigated in Pakistan by the fact that our operations there do not involve the shipping or manufacturing of any physical products, and in Mexico by the fact that our operations there are governed under the provisions of the North American Free Trade Agreement, or NAFTA.

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 have net losses and negative operating cash flows for at least the next 18 months due, in part, 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.

We also earn ancillary revenue from the sale to orthodontists of dental impression machines. To facilitate adoption of the Invisalign System, we sell machines to some of our customers to assist them in preparing the impressions required for submission of Invisalign cases. These machines, which cost approximately $600 each, are manufactured by ESPE America, Inc. Many of our customers have adequate dental impression making equipment or pay general dentists to take impressions on their behalf and, as such, do not purchase an impression machine from us.

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. When this happens, all the revenue associated with a given case, including ClinCheck fees, will be recognized at the time the Aligners are shipped. Payment terms will range from net 30 days from shipment on ClinCheck, dental impression machines and a portion of the single batch Aligner shipment to net 120 days from shipment on the remaining portion of the single batch Aligner shipment.

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 net loss, the entire loss is recognized immediately and the remaining costs are deferred and those costs are recognized ratably as batches of Aligners are shipped to the orthodontist.

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 our Invisalign System. 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 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 8,097,672 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. Additionally, we have $17.6 million of restricted cash held in an escrow account to fund our national advertising campaign. Our equipment lease line was repaid in July 2000 and expired in July 2000. We currently have no outstanding debt arrangements.

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. These funds, totaling $17.6 million at September 30, 2000, are due to be released to cover expenses related to our national advertising campaign over the next three quarters.

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. Thereafter, we may find it necessary to obtain additional equity or debt financing. In the event additional financing is required, we may not be able to raise it on acceptable terms or at all.

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, or FASB, issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," or SFAS No. 133. 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 Statement of Financial Accounting Standards No. 137, "Accounting for Derivative and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133," or SFAS No. 137. SFAS No. 137 deferred the effective date of SFAS No. 133 until fiscal years beginning after June 15, 2000. We will adopt SFAS No. 133 during fiscal 2001. To date, we have not engaged in derivative or hedging activities.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," or SAB 101, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the Securities and Exchange Commission. 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 Securities and Exchange Commission issued Staff Accounting Bulletin No. 101B, "Second Amendment: Revenue Recognition in Financial Statements," or 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. We have adopted the provisions of SAB 101 and believe that our current revenue recognition is in compliance with SAB 101.

In March 2000, the FASB issued Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation--an Interpretation of APB 25," or FIN 44. This interpretation clarifies (i) the definition of employee for purposes of applying Opinion 25, (ii) the criteria for determining whether a plan qualifies as a noncompensatory plan, (iii) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (iv) 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 consolidated financial statements.

In March 2000, the Emerging Issues Task Force reached a consensus on Issue 00-2, "Accounting for the Costs of Developing a Web Site," or EITF 00-2. In general, EITF 00-2 states that the costs of developing a web site should be accounted for under provisions of statement of position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The adoption of the provisions of EITF 00-2 did not have a material impact on our consolidated 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 the 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. Individuals with mature dentition have fully erupted second molars and substantially complete jaw growth. This group represents approximately 130 million people in the U.S. Typically, girls by the age of 13 years and boys by the age of 16 years will have developed mature dentition. 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 November 2000, we had trained more than 5,300 orthodontists to use the Invisalign System, representing approximately 60% of all practicing U.S. and Canadian orthodontists. In addition, over 1,000 orthodontists have enrolled in our training program scheduled for January 2001. As of November 2000, over 2,000 of the orthodontists we have trained had submitted one or more cases to us. To date, approximately 9,200 patients have commenced treatment with the Invisalign System, including more than 1,700 patients in November 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. Upon completion of the treatment, the orthodontist may, in his or her discretion, prescribe that the patient wear the final Aligner as a retainer. 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.

- 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.

Limitations of the Invisalign System

In some instances, the Invisalign System may have certain limitations relative to conventional treatment. Aligners cost more to produce than conventional braces, and we charge orthodontists more than they generally pay for the supplies used in conventional treatment. Depending on the individual pricing policies of each orthodontist, the cost of the Invisalign System to the patient may be greater than for conventional braces. Orthodontists must also incorporate our manufacturing cycle times into their overall treatment plan. Once an orthodontist submits a case to us, there is generally a turn-around time of a month or more before the corresponding Aligners are delivered. Aligners may not be appropriate for all cases, such as unusually severe malocclusion, which may require Aligners to be used in combination with conventional braces for optimal results. In addition, because Aligners are removable, treatment using the Invisalign System depends on patients wearing their Aligners as recommended. Some patients may experience a temporary period of adjustment to wearing Aligners that may mildly affect speech.

We believe that these limitations are outweighed by the many benefits of the Invisalign System to both patients and orthodontists.

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. Individuals with mature dentition have fully erupted second molars and substantially complete jaw growth. This group represents approximately 130 million people in the U.S. Typically, girls by the age of 13 years and boys by the age of 16 years will have developed mature dentition. 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 November 2000, we had 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 November 2000, we employed a manufacturing staff of approximately 250 people. In addition, as of November 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 650 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 impression is a critical component as it depicts the three-dimensional geometry of the patient's teeth and hence forms the basis for our computer models. An impression requires the patient to bite into a viscous material. This material hardens, capturing the shape of the patient's teeth. The prescription is also 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 on a computer and, on occasion, asks us to make adjustments. By reviewing and amending the treatment simulation, the orthodontist retains control over the treatment plan and, thus, participates in the customized design of the Aligners. 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, or bottlenecks. 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.

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 November 2000, our sales team consisted of 29 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 November 2000, we had trained over 5,300 orthodontists, representing over 60% of the orthodontists in the U.S. and Canada. Over 2,000 of those orthodontists had submitted one or more cases to us by November 2000. 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.

To facilitate adoption of the Invisalign System, we sell machines to some of our customers to assist them in preparing the impressions required for submission of Invisalign cases. These machines are manufactured by ESPE America, Inc.

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 November 2000, our research and development team consisted of 16 individuals with medical device development, orthodontic and other relevant backgrounds. Our research

and development expenses to develop the Invisalign System totaled $405,000 for the year ended December 31, 1997, $1.5 million for the year ended December 31, 1998, $4.2 million for the year ended December 31, 1999 and $5.9 million for the nine months ended September 30, 2000.

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 line of products.

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 and 46 pending U.S. patent applications. We have two foreign-issued patents and 111 pending foreign patent 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 health care 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 November 2000, we had approximately 1,080 employees, of whom approximately 430 were employed in the U.S., with the balance employed in Pakistan. Of our 430 U.S. employees, approximately 250 are employed in manufacturing, 30 are software engineers, 29 are sales representatives, 25 are customer support staff, 16 are employed in research and development and 80 are employed in various management, administrative and support positions.

We employ a staff of approximately 650 employees in our two facilities in Pakistan, most of whom are computer operators and approximately 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 325 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 not to 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. Should the suit be recommenced and should our technology be found to infringe, we would have to seek a license from Ormco, which license might not be available on commercially reasonable terms or at all. In that event, we could be subject to damages or an injunction which could materially adversely affect our business. 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.

The claims at issue in the Ormco suit relate to methods and systems for forming and manufacturing custom orthodontic appliances. The relevant claims are limited to the calculation of the final positioning of a patient's teeth based upon a derived or ideal dental archform of the patient. The treatment plan simulation developed in our Pakistan facilities determines the final positioning of a patient's teeth but not based on a derived or ideal dental archform of the patient.

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 30, 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
Amir Abolfathi	35	Vice President, Research and Development
Joe Breeland	48	Vice President, Sales
Len Hedge	43	Vice President, Manufacturing
James Heslin	49	Vice President, General Counsel
Christian Skieller	52	Vice President, Operations
Ike Udechuku	34	Vice President, Corporate Strategy
Ken Vargha	36	Vice President, Marketing
Ross Miller, DDS, MS	39	Chief Clinical Officer
Peter Riepenhausen	64	Chairman, Align Technology, Europe
Charlie Wen	34	Chief Technology Officer
H. Kent Bowen	58	Director
Brian Dovey	59	Director
Joe Lacob	43	Director
Mark Logan	61	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.

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.

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.

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.

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.

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.

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.

Ross Miller, DDS, MS, has served as our Chief Clinical Officer since July 1998. Dr. Miller served in private clinical practice for seven years prior to joining us, 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.

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 Blendax- Werke R. Schneider Gmbh & Co. and PepsiCo Inc. Mr. Riepenhausen received his Industrie- Kaufman degree in Commerce from IHK, Wuerzburg, Germany.

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.

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.

Brian Dovey has served as a director since July 1998. Mr. Dovey has been a Managing Member of Domain Associates, L.L.C., 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 and Ista Pharmacitules Inc., both biopharmaceutical companies 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 Corixa Corporation, a biopharmaceutical company, Heartport, Inc., a medical device company, and SportsLine.com, an Internet-based sports media company, as well as several other privately held companies. Mr. Lacob received his M.B.A. from Stanford University's 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.

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 November 30, 2000, the directors have been granted options to purchase an aggregate of 248,000 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 8,000 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 32,000 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 Brian Dovey, Joseph Lacob and Mark Logan. 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 Kent Bowen, Brian Dovey and Mark Logan. 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	--
Ross Miller, DDS, MS..... Chief Clinical Officer	173,767	--
Kenneth Vargha..... Vice President, Marketing	133,223	16,560
Joe Breeland..... Vice President, Sales	87,012	40,916

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.....	--	--	--	--	--	--
Ross Miller.....	20,000	2.7	0.15	1/28/09	440,237	640,077
Kenneth Vargha.....	--	--	--	--	--	--
Joe Breeland.....	--	--	--	--	--	--

In 1999, we granted options to purchase up to an aggregate of 736,600 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.

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--Compensation 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.

			Number of Securities Underlying Unexercised Options at December 31, 1999		Value of Unexercised In-the-Money Options at December 31, 1999	
Name	Shares Acquired on Exercise	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
Zia Chishti.....	--	$ --	--	--	$ --	$ --
Kelsey Wirth.....	--	--	--	--	--	--
Ross Miller.....	10,624	2,656	39,376	--	9,844	--
Kenneth Vargha.....	40,000	10,000	60,000	--	15,000	--
Joe Breeland.....	100,000	25,000	--	--	--	--

Compensation Plans

Amended and Restated 1997 Equity Incentive Plan

At November 30, 2000, a total of 9,709,092 shares of common stock had been reserved for issuance under our 1997 Plan. On that date, options to purchase an aggregate of 2,126,184 shares of stock, with a weighted average exercise price of $0.73 per share, were outstanding and options to purchase an aggregate of 2,067,390 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 20% 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 the underlying shares 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 to exercise the repurchase right only for a period of time following the termination of the optionee's employment relationship or service 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 on the date on which our common stock is approved for listing upon notice of issuance on the national market system of the Nasdaq Stock Market. 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.

A total of 8,000,000 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 and in addition to the special options for 1,000,000 shares at $15.00 per share to be granted prior to the closing of this offering to each of our Chief Executive Officer and our President. 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 rights and direct stock issuances for more than 3,000,000 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 stock options at an exercise price equal to the fair market value of our stock less the portion of their salary applied to this program.

- 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 stock options at an exercise price equal to the fair market value of our stock less the portion of their salary applied to this program.

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 option 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.

Under the automatic option grant program, each individual who first becomes a non-employee board member at any time after the effective date of this offering will receive an option grant to purchase 32,000 shares of common stock on the date the individual joins the board. In addition, on the date of each annual stockholders meeting held after the effective

date of this offering, each non-employee board member who is to continue to serve as a non-employee board member, including each of our current non-employee board members, will automatically be granted an option to purchase 8,000 shares of common stock, provided the individual has served on the board for at least six months.

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 32,000-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 8,000-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 stock options at an exercise price equal to the fair market value of our stock less the portion of their salary applied to this program. 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 on the date on which our common stock is approved for listing upon notice of issuance on the national market system of the Nasdaq Stock Market. 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.

A total of 1,500,000 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 three 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 1,500,000 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 of 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 400,000 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 for 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 certificate of incorporation provides that we shall indemnify our directors and officers to the fullest extent permitted under the Delaware General Corporation Law and may indemnify our other 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. The indemnification agreements contain provisions that require us, among other things, to indemnify our directors 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 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 certificate of incorporation 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.

CERTAIN TRANSACTIONS

Preferred Stock Sales

On August 29, 1997, we issued a total of 4,350,000 shares of Series A Preferred Stock at a purchase price of $0.50 per share. Of the 4,350,000 shares of Series A Preferred Stock sold by us, a total of 3,676,000 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 6,717,124 shares of Series B Preferred Stock at a purchase price of $1.50 per share. Of the 6,717,124 shares of Series B Preferred Stock sold by us, a total of 5,080,414 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 $4.00 per share.

On September 24, 1999 and October 14, 1999, we issued a total of 5,186,228 shares of Series C Preferred Stock at a purchase price of $4.00 per share. Of the 5,186,228 shares of Series C Preferred Stock sold by us, a total of 3,929,000 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 $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 $10.625 per share.

On May 25, June 20 and October 5, 2000, we issued a total of 9,534,382 shares of Series D Preferred Stock at a purchase price of $10.625 per share. Of the 9,534,382 shares of Series D Preferred Stock sold by us, a total of 7,379,828 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 $78,410,673.

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 3,331,978 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 $10.625 per share. As of November 30, 2000, we had granted an excess of 514,214 options over the 3,331,978 allowed under the conversion price adjustment feature. On December 22, 2000 we granted an additional 755,400 options to employees and we intend to grant 1,000,000 options to each of our Chief Executive Officer and our President at $15.00 per share prior to the closing of this

offering. As a result, the Series D preferred stock conversion price will be adjusted downward to $9.53. This adjustment causes the 9,534,382 issued and outstanding shares of Series D preferred stock to be converted into 10,631,508 shares of our common stock, an increase of 1,097,126 shares of common stock.

The number of shares of our common stock issued upon conversion of our Series D preferred stock could be adjusted upward in the event the existing Series D conversion price is greater than 80% of the price per share of our common stock in this offering. Were such an adjustment to occur, the existing Series D conversion price will be adjusted to equal 80% of the price per share of our common stock in this offering.

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, through November 30, 2000. Each share of preferred stock listed in the table below is convertible into one share of our common stock, except for shares of our Series D preferred stock, which are subject to the antidilution conversion price adjustments described above.

Executive Officers, Directors and 5% Stockholders	Common Stock	Preferred Stock				Total Shares on an as-Converted Basis
		Series A	Series B	Series C	Series D	
Entities affiliated with Kleiner Perkins Caufield and Byers, L.P.	--	3,450,000	1,620,656	1,000,000	283,124	6,358,826
Entities affiliated with Oak Hill Capital Partners, L.P.	--	--	--	--	2,823,530	2,873,855
Entities affiliated with The Carlyle Group	--	--	--	--	2,635,294	2,682,262
Entities affiliated with Domain Associates, L.L.C.	60,000	--	1,986,424	375,000	188,802	2,613,591
Kelsey Wirth	2,480,454	46,000	22,500	16,668	--	2,565,622
Zia Chishti	2,480,454	30,000	--	--	--	2,510,454
Entities affiliated with QuestMark Partners, L.P.	--	--	--	2,000,000	377,398	2,384,124
Gordon Gund(1)	--	--	1,333,334	425,000	471,878	2,238,622
Artal Services, N.V.	--	--	--	--	470,588	478,975
Ike Udechuku	254,428	--	40,000	15,000	9,410	319,006
Joe Breeland	293,034	--	--	4,000	3,500	300,596
Len Hedge	275,670	--	--	1,250	--	276,920
James Heslin	234,428	--	6,666	3,750	--	244,844
Christian Skieller	234,428	--	--	--	--	234,428
Ken Vargha	177,558	--	--	1,250	--	178,808
Charlie Wen	175,820	--	--	--	1,200	177,041
Wren Wirth(2)	--	50,000	22,500	50,000	47,058	170,396
Amir Abolfathi	163,732	--	--	--	--	163,732
Ross Miller	146,518	--	3,334	3,750	2,000	155,638
Christopher Wirth	--	50,000	22,500	16,666	9,410	98,744
Timothy Wirth	--	50,000	22,500	16,666	--	89,166
H. Kent Bowen	64,000	--	--	--	--	64,000
Mark Logan	64,000	--	--	--	--	64,000
Stephen Bonelli	60,000	--	--	--	--	60,000
Timothy and Wren Wirth	--	--	--	--	50,822	51,728
Saadia Chishti	--	--	--	--	4,704	4,788
George Andrew Lear III	--	--	--	--	1,110	1,130

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(1) Includes 1,510,341 shares held in trust for immediate family members and shares held by immediate family members.

(2) Includes 47,058 shares held in trust for 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 2000, each of Messrs. Hedge, Heslin, Abolfathi, Breeland, Miller, Skieller, Udechuku, Vargha, and Wen delivered full-recourse promissory notes to us in payment of the exercise price of outstanding stock options they held under our 1997 Plan. The aggregate principal amount secured under the notes and the number of shares underlying the options are as follows: Hedge--$211,540, 242,338 shares; Heslin--$249,666, 234,428 shares; Abolfathi--$174,375, 163,732 shares; Breeland--$172,331, 193,034 shares; Miller--$28,242, 26,518 shares; Skieller--$36,666, 34,428 shares; Udechuku--$270,967, 254,428 shares; Vargha--$57,084, 53,600 shares; and Wen--$91,398, 85,820 shares. 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 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 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 30, 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 35,615,722 shares of common stock outstanding as of November 30, 2000 which reflects the automatic conversion of all series of preferred stock outstanding as of November 30, 2000 into 25,957,668 shares of common stock upon completion of this offering. This amount includes the 1,436,710 shares of Series D preferred stock issued in October 2000 and an additional 169,934 shares of common stock which reflects the effect of the conversion price adjustment to the Series D preferred stock resulting from option grants through November 30, 2000. This table excludes the effect on the Series D conversion price of options granted subsequent to November 30, 2000. See "Certain Transactions--Preferred Stock Sales." For purposes of calculating each stockholder's percentage ownership, all options and warrants exercisable within 60 days of November 30, 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
Joseph Lacob(1)	6,418,826	18.0%	14.0%
Entities affiliated with Kleiner Perkins Caufield & Byers, L.P.(2)	6,358,826	17.9	13.9
Kelsey Wirth(3)	2,975,656	8.4	6.5
Entities affiliated with Oak Hill Capital Partners, L.P.(4)	2,873,855	8.1	6.3
Entities affiliated with QuestMark Partners, L.P.(5)	2,863,099	8.0	6.3
Entities affiliated with The Carlyle Group(6)	2,682,262	7.5	5.9
Entities affiliated with Domain Associates, L.L.C.(7)	2,613,591	7.3	5.7
Brian Dovey(8)	2,613,591	7.3	5.7
Zia Chishti(9)	2,516,372	7.1	5.5
Gordon Gund(10)	2,238,622	6.3	4.9
Peter Riepenhausen(11)	420,000	1.2	*
Len Hedge(12)	323,588	*	*
Ike Udechuku(13)	319,006	*	*
Joe Breeland(14)	300,596	*	*
Ken Vargha(15)	274,750	*	*
Amir Abolfathi(16)	263,732	*	*
Stephen Bonelli(17)	260,000	*	*
James Heslin(18)	244,844	*	*
Christian Skieller(19)	234,428	*	*
Charlie Wen(20)	177,041	*	*
Ross Miller(21)	155,638	*	*
H. Kent Bowen(22)	64,000	*	*
Mark Logan(23)	64,000	*	*
All directors, executive officers and key employees as a group (17 persons)	17,626,061	48.2	37.9

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

(1) Includes 6,358,826 shares held by entities affiliated with Kleiner Perkins Caufield & Byers, L.P. Mr. Lacob disclaims beneficial ownership of these shares except to the extent of his pecuniary interest in these shares. Also includes 60,000 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 30, 2000, of which 41,250 shares are subject to repurchase by us.

(2) Principal address is 2750 Sand Hill Road, Menlo Park, CA 94025. Consists of 5,771,234 shares held by Kleiner Perkins Caufield & Byers VIII, L.P., 334,060 shares held by KPCB VIII Founders Fund, L.P. and 253,532 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.

(3) Includes 170,396 owned by Wren Wirth, 89,166 shares owned by Timothy Wirth, 98,744 shares owned by Christopher Wirth and 51,728 shares owned by Timothy and Wren Wirth, all of whom are immediate family members of Kelsey Wirth.

(4) Principal address is 201 Main Street, Suite 2300, Fort Worth, TX 76102. Consists of 2,615,208 shares held by Oak Hill Capital Partners, L.P. and 258,647 shares held by OHCMP Align, L.P.

(5) Principal address is One South Street, Suite 800, Baltimore, MD 21202. Includes 2,083,152 shares held by QuestMark Partners, L.P., 300,972 shares held by QuestMark Partners Side Fund, L.P., and 478,975 shares held by Artal Services, N.V.

(6) Principal address is 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004. Consists of 2,614,868 shares held of record by Carlyle Partners III, L.P. and 67,394 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.

(7) Principal address is One Palmer Square, Suite 515, Princeton, NJ 08542. Consists of 2,487,167 shares held by Domain Partners III, L.P., 66,424 shares held by DP III Associates, L.P. and 60,000 shares held by Domain Associates L.L.C., of which 25,000 shares are subject to repurchase by us. Brian Dovey, one of our directors, is a general partner of One Palmer Square Associates III, L.P., the general partner of Domain Partners III, 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.

(8) Consists of 2,487,167 shares held by Domain Partners III, L.P., 66,424 shares held by DP III Associates, L.P. and 60,000 shares held by Domain Associates, L.L.C., of which 25,000 shares are subject to repurchase by us. Brian Dovey, one of our directors, is a general partner of One Palmer Square Associates III, L.P., the general partner of Domain Partners III, 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.

(9) Includes 4,788 shares owned by Saadia Chishti and 1,130 shares owned by George Andrew Lear III, both of whom are immediate family members of Zia Chishti.

(10) Principal address is Post Office Box 449 Princeton, NJ 08542. Includes 351,666 shares owned by each of Grant Gund and Zachary Gund and 807,009 shares held in trust for each of Grant Gund and Zachary Gund, both of whom are immediate family members of Gordon Gund.

(11) Includes 420,000 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 30, 2000, which shares are also subject to our right of repurchase.

(12) Includes 242,338 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 46,668 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 30, 2000, some of which shares are also subject to our right of repurchase.

(13) Includes 254,428 shares subject to repurchase by us at the original exercise price in the event of termination of Mr. Udechuku's employment with us, which right lapses over time.

(14) Includes 236,784 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.

(15) Includes 31,250 shares held jointly with Shawna Vargha and 1,250 shares held by Pearl Vargha, both of whom are immediate family members of Kenneth Vargha. Includes 123,392 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 95,942 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 30, 2000, which shares are also subject to our right of repurchase.

(16) Includes 163,732 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 100,000 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 30, 2000, some of which shares are also subject to our right of repurchase.

(17) Includes 60,000 shares subject to repurchase by us at the original exercise price in the event of termination of Mr. Bonelli's employment with us, which right lapses over time. Also includes 200,000 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 30, 2000, which shares are also subject to our right of repurchase.

(18) Includes 234,428 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.

(19) Includes 234,428 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.

(20) Includes 124,364 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.

(21) Includes 5,316 shares held individually by wife Cheryl A. Miller. Also includes 1,250 shares held by Rita and Troy Miller and 1,250 shares held by Janice and Jonathan Sykes and 1,250 shares held by Cliff Williams, all of whom are immediate family members of Ross Miller. Includes 119,852 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.

(22) Includes 64,000 shares of common stock issuable upon exercise of immediately exercisable options within 60 days of November 30, 2000, which shares are subject to repurchase by us.

(23) Includes 64,000 shares subject to repurchase by us at the original exercise price, which repurchase right lapses over time.

DESCRIPTION OF CAPITAL STOCK

General

At the closing of this offering, we will be authorized to issue 200,000,000 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 November 30, 2000, a total of 45,615,722 shares of common stock will be issued and outstanding, and no shares of preferred stock will be issued and outstanding. This number is subject to upward adjustment as a result of the conversion price adjustment for the Series D preferred stock resulting from option grants subsequent to November 30, 2000. This number is also subject to upward adjustment in the event the existing Series D conversion price is greater than 80% of the price per share of our common stock in this offering. Were such an adjustment to occur, the existing Series D Conversion price will be adjusted to equal 80% of the price per share of our common stock in this offering. Following the grant of certain stock options by us prior to January 31, 2001, the Series D conversion price will be approximately $9.53. See "Certain Transactions--Preferred Stock Sales."

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 November 30, 2000, 9,658,054 shares of common stock were outstanding, options to purchase 2,126,184 shares of common stock were outstanding and options to purchase an aggregate of 2,067,390 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 November 30, 2000, there were warrants outstanding to purchase a total of 533,334 shares of our preferred stock at an exercise price of $1.50 per share and 112,500 shares of our preferred stock at $4.00 per share. Following the closing of the offering, the warrants automatically will become exercisable to purchase 645,834 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

As of November 30, 2000, the holders of an aggregate of approximately 25,957,668 shares of common stock as well as warrants to purchase up to approximately 645,834 shares of our common stock will be entitled to certain rights with respect to the registration of the shares under the Securities Act. This number is subject to upward adjustment as a result of the conversion price adjustments for the Series D preferred stock. See "Certain Transactions--Preferred Stock Sales." 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 tended 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 undesignated preferred stock to increase the amount of outstanding shares.

The authorization of undesignated preferred stock makes it possible for the board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of our company.

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 45,615,722 shares of common stock outstanding. Of these shares, all of the shares sold in this offering will be freely tradable, except that any shares held by our affiliates, as that term is defined in Rule 144 promulgated under the Securities Act, may only be sold in compliance with the limitations described below. The remaining 35,615,722 shares of common stock will be deemed "restricted securities" as defined under Rule 144. Restricted shares may be sold in the public market only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144, 144(k) or 701 promulgated under the Securities Act, which rules are summarized below. Subject to the lock-up agreements described below and the provisions of Rules 144, 144(k) and 701, shares will be available for sale in the public market as follows:

Number of Shares	Date
10,020,822	After the date of this prospectus, freely tradable shares sold in this offering and shares eligible for resale under Rule 144(k) that are not subject to the 180-day lock-up.
65,968	After 90 days from the date of this prospectus, shares eligible for resale under Rule 144(k), Rule 144 (subject, in some cases, to volume limitations) or Rule 701 that are not subject to the 180-day lock-up.
24,318,266	After 180 days from the date of this prospectus, the 180-day lock-up is released and these shares are eligible for resale under Rule 144 (subject, in some cases, to volume limitations) or Rule 144(k).
6,494,754	After 180 days from the date of this prospectus, the 180-day lock-up is released and these shares are eligible for resale under Rule 701.
4,715,912	After 180 days from the date of this prospectus, restricted securities that are held for less than one year and are not yet eligible for resale.

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 456,157 shares immediately after this offering) or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the date on which notice of such sale is filed with the Securities and Exchange Commission, subject to restrictions.

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.

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. Based on options exercised as of November 30, 2000, the holders of 6,494,754 shares of our common stock will be eligible to sell their shares in reliance upon Rule 701 or pursuant to an S-8 registration statement as described below upon the expiration of the 180-day lockup period.

Lock-Up Agreements

We and our directors, executive officers and substantially all of our stockholders have agreed, pursuant to the underwriting agreement and other agreements, not to sell any of our common stock until 180 days from the date of this prospectus without the prior consent of Deutsche Bank Securities Inc., the legal name of which is expected to change to "Deutsche Banc Alex. Brown Inc." on January 16, 2001. Transfers or dispositions can be made sooner only with the prior written consent of Deutsche Bank Securities Inc.

Stock Options

As of November 30, 2000, options to purchase a total of 2,126,184 shares of our common stock were outstanding, all of which were exercisable, and 1,131,506 of which were vested. Following the closing of this offering, 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. Accordingly, shares of common stock underlying these options will be eligible for sale in the public markets from time to time, subject to vesting restrictions or the lock-up agreements described above and, in the case of our affiliates, the volume limitations of Rule 144 described above.

Registration Rights

After this offering the holders of approximately 25,957,668 shares of our outstanding common stock and warrants to purchase 645,834 shares of our common stock will be entitled to certain rights with respect to registration of such shares under the Securities Act. This number is subject to upward adjustment as a result of the conversion price adjustments for the Series D preferred stock. See "Certain Transactions--Preferred Stock Sales." 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./1/, Bear, Stearns & Co. Inc., J.P. Morgan Securities Inc. and Robertson Stephens Inc., have severally agreed to purchase from us 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:

Underwriters	Number of Shares
Deutsche Bank Securities Inc./1/	
Bear, Stearns & Co. Inc.	
J.P. Morgan Securities Inc.	
Robertson Stephens Inc.	
Total	10,000,000

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 of the shares of common stock offered hereby, other than those covered by the over-allotment option described below, if any of these shares are purchased.

We have been advised by the representatives of the underwriters that 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 1,500,000 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 table 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 10,000,000 shares are being offered.

The underwriting discounts and commissions per share are 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 discounts and commissions are 7% of the initial public offering price. We have agreed to pay the underwriters the following discounts and commissions, assuming either no exercise or full exercise by the underwriters of the underwriters' over-allotment option:

		Total Fees	
	Fee Per Share	Without Exercise of Over-Allotment Option	With Full Exercise of Over-Allotment Option
Discounts and commissions paid by us	$	$	$

(1) Following the merger of the two U.S. broker dealers, which is expected to occur on January 16, 2001, the legal name will change to "Deutsche Banc Alex. Brown Inc."

In addition, we estimate that the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately $2.3 million.

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 substantially all of our stockholders and holders of options and warrants to purchase 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./1/ 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 sales position in our common stock for their own account. A short sales position results when an underwriter sells more shares of common stock than that underwriter is committed to purchase. A short sales position may involve either "covered" short sales or "naked" short sales. Covered short sales are sales made for an amount not greater than the underwriters' over-allotment option to purchase additional shares in the offering described above. The underwriters may close out any covered short position by either exercising their over-allotment option or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. Naked short sales are sales in excess of the over-allotment option. The underwriters will have to close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Accordingly, to cover these short sales positions 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. These transactions may be effected on the Nasdaq National Market or otherwise. Additionally, the representatives, on behalf of the underwriters, may also reclaim selling concessions allowed to an underwriter or dealer if the underwriting syndicate

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(1) Following the merger of the two U.S. broker dealers, which is expected to occur on January 16, 2001, the legal name will change to "Deutsche Banc Alex. Brown Inc."

repurchases shares distributed by that underwriter or dealer. Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales or to stabilize the market price of our common stock may have the effect of raising or maintaining the market price of our common stock or preventing or mitigating a decline in the market price of our common stock. As a result, the price of the shares of our common stock may be higher than the price that might otherwise exist in the open market. 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 at the initial public offering price up to 700,000 shares of our common stock being sold in this offering 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.

In addition, the underwriters intend to inquire of orthodontists in the U.S. and Canada their interest in purchasing a limited number of shares (generally no more than 300 shares per individual) of our common stock being sold in this offering at the initial public offering price. Any sales by the underwriters to orthodontists will be at the discretion of the underwriters and no shares have been reserved by the underwriters in this offering for any such sales to orthodontists.

A prospectus in electronic format is being made available on Internet web sites maintained by one or more of the underwriters of this offering and may be made available on web sites maintained by other underwriters. Other than the prospectus in electronic format, the information on any underwriter's web site and any information contained in any other web site maintained by an underwriter is not part of the prospectus or the registration statement of which the prospectus forms a part.

Pricing of This Offering

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

- prevailing market conditions;
- our results of operations in recent periods;
- the present stage of our development;
- the market capitalizations and stages 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.

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.

The stock split described in Note 11 to the consolidated financial statements has not been consummated at the date of our opinion. When it has been consummated, we will be in a position to furnish the following report:

"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."

PricewaterhouseCoopers LLP

San Jose, California
August 18, 2000, except for Note 11 for

which the date is December , 2000

ALIGN TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

	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: 11,067, 16,253 and 24,351 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: 5,355, 5,644 and 7,188 shares at December 31, 1998, 1999 and September 30, 2000 (unaudited), respectively, and 31,613 shares pro forma (unaudited).....	1	1	1	3
Additional paid-in capital....	5	2,219	91,925	207,631
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)
Revenues:					
Revenue--Ancillary products	$ --	$ --	$ 313	$ 70	$ 950
Revenue--Invisalign	--	--	98	7	2,286
Total revenue	--	--	411	77	3,236
Cost of revenues:					
Cost of revenue--Ancillary products	--	--	246	62	912
Cost of revenue and manufacturing 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	$(0.43)	$ (1.33)	$ (3.65)	$ (2.11)	$ (17.94)
Shares used in computing net loss per share available to common stockholders, basic and diluted	1,542	2,842	4,218	4,060	5,434
Pro forma net loss per share available to common stockholders, basic and diluted (unaudited) (Note 2)			$ (0.92)		$ (2.11)
Shares used in computing pro forma net loss per share available to common stockholders, basic and					

diluted (unaudited) (Note 2).....	16,678	25,270

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..	4,860	$ 1	$ --	$ --	$ --	$ 1
Stock options exercised.....	979	--	2	--	--	2
Issuance of common stock.....	160	--	--	--	--	--
Net loss.....	--	--	--	--	(664)	(664)
Balance at December 31, 1997.....	5,999	1	2	--	(664)	(661)
Repurchase of common stock.....	(740)	--	(2)	--	--	(2)
Stock options exercised.....	92	--	5	--	--	5
Issuance of common stock.....	4	--	--	--	--	--
Net loss.....	--	--	--	--	(3,775)	(3,775)
Balance at December 31, 1998.....	5,355	1	5	--	(4,439)	(4,433)
Repurchase of common stock	(42)	--	(2)	--	--	(2)
Stock options exercised.....	331	--	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.....	5,644	1	2,219	(1,780)	(19,854)	(19,414)
Stock options exercised.....	1,640	--	680	--	--	680
Repurchase of common stock	(96)	--	(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).....	7,188	$ 1	$ 91,925	$(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.

ALIGN TECHNOLOGY, INC.

NOTES TO 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 24,424,350 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 realized or 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. Costs incurred in the development of application and infrastructure of the website are capitalized and amortized over the useful life of the website. Website development costs of $35,000 had been capitalized as of December 31, 1999. Amortization of website development costs commenced in April 2000 upon launch of the website.

Internal and external costs of designing, creating and maintaining website content, graphics and user interface on the website are expensed as incurred and included in the accompanying Statement of Operations in accordance with SOP 98-1.

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 12,460,000 shares and 19,836,000 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....	5,558	5,620	5,334	5,318	6,254
Less: Weighted average shares subject to repurchase.....	4,016	2,778	1,116	1,258	820
Weighted-average shares used in basic and diluted net loss per share.....	1,542	2,842	4,218	4,060	5,434
Net loss per share available to common stockholders.....	$(0.43)	$ (1.33)	$ (3.65)	$ (2.11)	$ (17.94)
Pro forma basic and diluted:					
Net loss.....			$(15,415)		$(53,311)
Adjustments to reflect weighted-average effect of assumed conversion of preferred stock (unaudited).....			12,460		19,836
Weighted-average shares used in pro forma basic and diluted net loss per share (unaudited).....			16,678		25,270
Pro forma basic and diluted net loss per share (unaudited).....			$ (0.92)		$ (2.11)

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 (as if converted)	4,350	11,067	16,253	16,253	24,351
Options to purchase common stock	195	952	1,285	1,540	4,305
Common stock subject to repurchase	3,860	1,779	654	784	1,394
Warrants	--	--	533	533	646
	8,405	13,798	18,725	19,110	30,696

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 adopted the provisions of 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.

In March 2000, the Emerging Issues Task Force reached a consensus on Issue 00-2, Accounting for the Costs of Developing a Web Site ("EITF 00-2"). In general, EITF 00-2 states that the costs of developing a web site should be accounted for under provisions of statement of position (SOP) 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. The adoption of the provisions of EITF 00-2 did not have a material effect on the consolidated financial statements of the Company.

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	December 31, 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	December 31, 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 533,334 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 112,500 shares of the Company's Series C preferred stock at a price of $4.00 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: 4,350 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: 7,650 shares authorized; 6,717 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 5,312 shares authorized at December 31, 1999 and September 30, 2000 (unaudited); no shares issued and outstanding at December 31, 1998 and 5,186 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 9,898 shares authorized at December 31, 1998, 1999 and September 30, 2000 (unaudited), respectively; none, none and 8,098 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 8,097,672 shares of Series D preferred shares for gross proceeds of $86,000,000. Included in the 8,097,672 total shares issued, the Company issued 1,321,202 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 187,500 shares of Series C convertible preferred stock at $4.00 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

$0.04, $0.12, $0.32 and $0.85, 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 3,331,978 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 274,030 stock options above the 3,331,978 shares as defined above. As a result the Series D stockholders would receive an additional 73,326 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 $0.50, $1.50, $4.00 and $10.625, 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 $31.875 per share, Series C preferred stockholders have received $8.00 per share, the Series B preferred stockholders have received $4.50 per share and the Series A preferred stockholders have received $2.00 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 533,334 warrants to purchase Series B convertible preferred stock at $1.50 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 112,500 shares of the Company's Series C preferred stock at a price of $4.00 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, 1,778,932 and 653,542 shares of common stock, respectively, were subject to repurchase, including 104,516 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 9,709,092 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	2,509	--	$ --	$ --
Options granted	(1,174)	1,174	$0.0093	11
Options exercised	--	(979)	$0.0020	(2)
Balances at December 31, 1997	1,335	195	$0.0451	9
Options granted	(1,009)	1,009	$0.1040	105
Options exercised	--	(92)	$0.0543	(5)
Options cancelled	160	(160)	$0.0500	(8)
Balances at December 31, 1998	486	952	$0.1061	101
Increase in pool	1,600	--	--	--
Options granted	(737)	737	$0.1953	144
Options exercised	--	(331)	$0.1269	(42)
Options cancelled	73	(73)	$0.1369	(10)
Balances at December 31, 1999	1,422	1,285	$0.1501	193
Increase in pool	5,600	--	--	--
Options granted	(4,818)	4,818	$0.8188	3,945
Options exercised	--	(1,640)	$0.4146	(680)
Options cancelled	158	(158)	$0.2531	(40)
Balances at September 30, 2000 (unaudited)	2,362	4,305	$0.7939	$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)
$0.05	324	8.38
0.15	808	9.20
0.30	88	9.65
0.40	65	9.81
	1,285	

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)
$0.05	116	7.72
0.15	360	8.59
0.30	62	8.91
0.40	1,084	9.54
1.07	2,683	9.96
	4,305	

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	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	$(0.43)	$ (1.33)	$ (3.65)
Net loss per share, pro forma, basic and diluted	$(0.43)	$ (1.33)	$ (3.68)

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	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 $0.03, $0.06 and $3.285, 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

Accelerated Vesting

During the nine month period ended September 30, 2000, the Company accelerated the vesting of options to an employee in connection with a severance package. The acceleration

was accounted for in accordance with FIN 44 as a one time charge to the statement of operations. The change was equal to the intrinsic value difference between the exercise price of the accelerated options and the fair value of the common stock on the date of acceleration.

Note 9 Income Taxes

No provision for federal or state income taxes has been recorded for the years ended December 31, 1998 and 1999 as the Company incurred net operating losses.

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. The valuation allowance increased by $1,635,000 and $5,345,000 during 1998 and 1999, respectively.

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.

Stock Split

On December , 2000, the Company's Board of Directors approved a 2 for 1 stock split. All common and preferred stock and per share amounts for all periods presented in the accompanying financial statements have been restated to reflect the stock split.

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. However, the Company plans to forgive the loan over the period and record compensation expense as long as the officer remains employed with the Company during the period.

Employee Notes Receivable

In November through December 2000, the Company loaned $1,790,948 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 1,436,710 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 $6.3 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 December 22, 2000, because the Company has issued 1,269,614 shares of common stock in excess of the 3,331,978 shares of common stock permitted, as defined in the certificate of incorporation, the Company will be required to issue an additional total number of 422,886 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 8,000,000 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:

- 5% 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 1,500,000 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:

- 3.0% of the then outstanding shares of common stock on a fully diluted basis;
- 1,500,000 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.

TABLE OF CONTENTS

Until , 2001 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

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[LOGO OF ALIGN TECHNOLOGIES, INC.]

10,000,000 Shares

Common Stock

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

Prospectus

, 2001

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	95,000
Printing and Engraving Expenses	350,000
Legal Fees and Expenses	700,000
Accounting Fees and Expenses	975,000
Blue Sky Fees and Expenses	3,000
Transfer Agent Fees	10,000
Miscellaneous	93,700
Total	$2,300,000

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 VIII of our certificate of incorporation 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 directors, which provide our 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) Between April and August 1997, the registrant sold an aggregate of 4,960,908 shares of common stock to the registrant's founders for an aggregate cash consideration of approximately $24,805.

(2) In November 1998, the registrant sold an aggregate of 4,290 shares of common stock to Jeff Jarvela for consulting services for an aggregate cash consideration of approximately $214.50.

(3) On August 29, 1997, the registrant sold 4,350,000 shares of Series A Preferred Stock, convertible into 4,350,000 shares of common stock, to a group of investors for an aggregate cash consideration of $2,175,000.

(4) On July 13, 1998, the registrant sold 6,717,124 shares of Series B Preferred Stock, convertible into 6,717,124 shares of common stock, to a group of investors for an aggregate cash consideration of $10,121,904.

(5) On September 24, 1999, the registrant sold 5,186,228 shares of Series C Preferred Stock, convertible into 5,186,228 shares of common stock, to a group of investors for an aggregate cash consideration of $20,594,912.

(6) On May 25, June 20 and October 5, 2000, the registrant sold 9,704,316 shares of Series D Preferred Stock, convertible into 9,704,316 shares of common stock, to a group of investors for an aggregate cash consideration of $101,266,996.

(7) As of November 30, 2000, options to purchase 5,489,292 shares of common stock had been exercised for an aggregate consideration of $2,874,085 and options to purchase 2,126,184 shares of common stock, at a weighted average exercise price of $0.73, were outstanding under the 1997 Plan.

(8) As of November 30, 2000, no options under the 2001 Plan or the Purchase 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 (paragraphs 1 and 2) Regulation D promulgated thereunder (paragraphs 3-6) or Rule 701 pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701 (paragraph 7). 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.
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 12, 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.
10.13	Registrant's 2001 Stock Incentive Plan.
10.14	Registrant's Employee Stock Purchase Plan.
21.1	Subsidiaries of 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.

** Filed previously.

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 December 28, 2000.

ALIGN TECHNOLOGY, INC.

By: /s/ Stephen Bonelli

Stephen Bonelli,

Chief Financial Officer and Vice President, Finance

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
*	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	December 28, 2000
Zia Chishti		
/s/ Stephen Bonelli	Chief Financial Officer and Vice President, Finance (Principal Accounting Officer)	December 28, 2000
Stephen Bonelli		
*	President	December 28, 2000
Kelsey Wirth		
*	Director	December 28, 2000
Brian Dovey		
*	Director	December 28, 2000
Joseph Lacob		
*	Director	December 28, 2000
Mark Logan		
*	Director	December 28, 2000
H. Kent Bowen		
/s/ Stephen Bonelli	Chief Financial Officer and Vice President, Finance	December 28, 2000
*By: Stephen Bonelli, Attorney-In-Fact		

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27.1**	Financial Data Schedule.

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* To be filed by amendment.

** Filed previously.

EXHIBIT 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

ALIGN TECHNOLOGY, INC.

ZIA CHISHTI hereby certifies that:

ONE: The present name of this corporation is ALIGN TECHNOLOGY, INC. (the "Corporation"), which is the name under which the Corporation was originally incorporated; and the date of filing of the original Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware is April 3, 1997.

TWO: He is the duly elected and acting Chief Executive Officer of the Corporation.

THREE: The Amended and Restated Certificate of Incorporation of the Corporation is hereby amended and restated to read in full as follows:

I.
NAME

The name of the corporation is Align Technology, Inc.

II.
REGISTERED OFFICE

The address of the registered office of the Corporation in the State of Delaware is:

9 East Loockerman Street
City of Dover
County of Kent
Delaware 19901

The name of the Corporation's registered agent at said address is National Registered Agents, Inc.

III.
POWERS/TERM

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware. The Corporation is to have perpetual existence.

IV.
CAPITAL STOCK

A. Classes of Stock. This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Corporation is authorized to issue is Two Hundred Five Million (205,000,000) shares, Two Hundred Million (200,000,000) shares of which shall be Common Stock (the "Common Stock") and Five Million (5,000,000) shares of which shall be Preferred Stock (the "Preferred Stock"). The Common Stock shall have a par value of one-hundredth of one cent ($0.0001) per share and the Preferred Stock shall have a par value of one-hundredth of one cent ($0.0001) per share.

B. Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to provide for the issuance of shares of Preferred Stock in one or more series and, by filing a certificate pursuant to the applicable law of the State of Delaware (the "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations and restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(1) The designation of the series, which may be by distinguishing number, letter or title.

(2) The number of shares of the series, which number the Board of Directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding).

(3) The amounts payable on, and the preferences, if any, of shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative.

(4) Dates at which dividends, if any, shall be payable.

(5) The redemption rights and price or prices, if any, for shares of the series.

(6) The terms and amount of any sinking funds provided for the purchase or redemption of shares of the series.

(7) The amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

(8) Whether the shares of the series shall be convertible into or exchangeable for shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereof, the date or dates

at which such shares shall be convertible or exchangeable and all other terms and conditions upon which such conversion or change may be made.

(9) Restrictions on the issuance of shares of the same series or of any other class or series.

(10) The voting rights, if any, of the holders of shares of the series.

C. Common Stock; Voting. The Common Stock shall be subject to the express terms of the Preferred Stock and any series thereof. Except as may otherwise be provided in this Certificate of Incorporation, in a Preferred Stock Designation or by applicable law, the holders of shares of Common Stock shall be entitled to one vote for each such share upon all questions presented to the stockholders, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, and holders of Preferred Stock shall not be entitled to vote at or receive notice of any meeting of stockholders.

The number of shares of authorized Common Stock may be increased or decreased (but not below the number then outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class notwithstanding the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

V.
DIRECTORS

The number of directors of the Corporation shall be determined by resolution of the Board of Directors.

Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide. Advance notice of stockholders nominations for the election of directors and of any other business to be brought before any meeting of the stockholders shall be given in the manner provided in the Bylaws of this Corporation.

At each annual meeting of stockholders, directors of the Corporation shall be elected to hold office until the expiration of the term for which they are elected, or until their successors have been duly elected and qualified; except that if any such election shall not be so held, such election shall take place at a stockholder's meeting called and held in accordance with the General Corporation Law of the State of Delaware.

Vacancies occurring on the Board of Directors for any reason may be filled by vote of a majority of the remaining members of the Board of Directors, even if less than a quorum, at any meeting of the Board of Directors. A person so elected by the Board of Directors to fill a vacancy shall hold office for the remainder of the full term of the director for which the vacancy

was created or occurred and until such director's successor shall have been duly elected and qualified. A director or the entire Board of Directors may be removed from office at any time by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding shares of voting stock of the Corporation entitled to vote at an election of directors, provided that such removal is for cause.

VI.
STOCKHOLDER MEETINGS

Meetings of stockholders may be held within or without the State of Delaware, as the bylaws may provide. Special meetings of stockholders for any purpose may be called only by the Board of Directors. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the bylaws of the Corporation. The stockholders of the Corporation may not take any action by written consent in lieu of a meeting.

VII.
LIMITATION OF DIRECTORS' LIABILITY

A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal. If the General Corporation Law of the State of Delaware is amended after approval by the stockholders of this ARTICLE VII to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended.

VIII.
INDEMNIFICATION

A. Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he is or was or has agreed to become, or a person for whom he is the legal representative, is or was or has agreed to become a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except as otherwise provided in this Article VIII, the

Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized by the Board of Directors of the Corporation. The rights to indemnification provided herein shall continue with respect to a Covered Person notwithstanding that such Covered Person ceases to be a director, officer or other employee or agent of the Corporation.

B. Prepayment of Expenses. The Corporation shall pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article VIII or otherwise.

C. Claims. If a claim for indemnification or advancement of expenses under this Article VIII is not paid in full within sixty (60) days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

D. Nonexclusivity of Rights. The rights conferred on any Covered Person by this Article VIII shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of the certificate of incorporation, the bylaws, agreement, vote of stockholders or disinterested directors or otherwise. The Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those provided herein.

E. Other Sources. The Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against and incurred by such person in any such capacity, or arising out of such person's status as such.

F. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article VIII shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such repeal or modification.

G. Other Indemnification and Prepayment of Expenses. This Article VIII shall not limit the right to the Corporation to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

IX.
AMENDMENT OF BYLAWS

In furtherance of and not in limitation of powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to adopt, repeal, alter, amend and rescind the bylaws of the Corporation by vote of a majority of the Board of Directors. In addition, the bylaws may be amended by the affirmative vote of holders of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding shares of voting stock of the Corporation entitled to vote at an election of directors.

X.
AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute and this Amended and Restated Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation. Notwithstanding the foregoing, the provisions set forth in Articles V, VI, VII, VIII, IX and X of this Amended and Restated Certificate of Incorporation may not be repealed or amended in any respect without the affirmative vote of holders at least sixty-six and two-thirds percent (66-2/3%) of the outstanding voting stock of the Corporation entitled to vote at an election of directors.

***

FOUR: That the foregoing Amended and Restated Certificate of Incorporation of the Corporation has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware by the directors and stockholders of the Corporation.

FIVE: That the foregoing Amended and Restated Certificate of Incorporation of the Corporation was approved by the holders of the requisite number of shares of the Corporation, and written notice was given, in accordance with Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been signed this __ day of December, 2000.

ALIGN TECHNOLOGY, INC.

By: _____
Zia Chishti, Chief Executive Officer

EXHIBIT 3.2

AMENDED AND RESTATED BY-LAWS
OF
ALIGN TECHNOLOGY, INC.

ARTICLE I.
CERTIFICATE OF INCORPORATION AND BYLAWS

Section 1. These By-Laws are subject to the Certificate of Incorporation of the Corporation, as amended to date. In these By-Laws, references to law, the Certificate of Incorporation and By-Laws mean the law, the provisions of the Certificate of Incorporation and the By-Laws as from time to time in effect.

ARTICLE II.
OFFICES

Section 1. The registered office of the Corporation in the State of Delaware shall be 9 East Loockerman Street, City of Dover, County of Kent, Delaware 19901 and the name of the registered agent at that address is National Registered Agents, Inc.

Section 2. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE III.
MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held at such place as may be fixed from time to time by the Board of Directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders shall be held at such date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which they shall elect by a plurality vote the directors to be elected at such meeting, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not fewer than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the

meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, shall be called by the Chairman of the Board, the President or Secretary at the request in writing of a majority of the Board of Directors.

Section 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not fewer than ten (10) nor more than sixty (60) days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of fifty percent (50%) of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 10. Unless otherwise provided in the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 11. Unless otherwise provided in the Certificate of Incorporation, the Chairman of the Board may adjourn a meeting of stockholders from time to time, without notice other than

announcement at the meeting. No notice of the time and place of an adjourned meeting need be given except as required by law.

Section 12.

A. Annual Meetings of Stockholders

1. Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Section 12, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 12.

2. For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (a)(1) of this Section 12, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the date of the preceding year's annual meeting; provided, however, that if either the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director it elected); (b) as to any other business that the stockholder proposes to bring before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the By-laws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner, (iii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination,

and (iv) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (b) otherwise to solicit proxies from stockholders in support of such proposal or nomination. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

3. Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 12 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 12 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive office of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

B. Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time notice provided for in this Section 12 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and upon such election, who complies with the notice procedures set forth in this Section 12. If the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (A)(2) of this Section 12 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120) day prior to such special meeting and not later than the later of (x) the close of business of the ninetieth (90th) day prior to such special meeting or (y) the close of business of the tenth (10th) day following the day on which public announcement is first made of the date of such special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

C. General.

1. Only such persons who are nominated in accordance with the procedures set forth in this Section 12 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be

conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 12. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the chairman of the meeting shall have the power and duty (a) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 12 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (A)(2)(c)(iv) of this Section 12) and (b) if any proposed nomination or business was not made or proposed in compliance with this Section 12, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted.

2. For purposes of this Section 12, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 and 15(d) of the Exchange Act.

3. Notwithstanding the foregoing provisions of this Section 12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 12 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

ARTICLE IV.
DIRECTORS

Section 1. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, the number of directors which shall constitute the whole Board shall be determined by resolution of the Board of Directors or by the stockholders at the annual meeting of the stockholders, except as provided in Section 2 of this Article. Directors need not be stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election at which such director's class is to be elected and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such

vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The business of the Corporation shall be managed by or under the direction of its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Meetings of the Board of Directors

Section 4. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board. Members of the Board of Directors may participate in regular or special meetings by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person.

Section 6. Special meetings of the Board may be called by the chairman of the board or president on two (2) days' notice to each director by mail or forty-eight (48) hours notice to each director either personally or by facsimile; special meetings shall be called by the president or secretary or chairman of the board in like manner and on like notice on the written request of two directors unless the Board consists of only one director, in which case special meetings shall be called by the chairman of the board or the president or secretary in like manner and on like notice on the written request of the sole director.

Section 7. At all meetings of the Board a majority of the directors fixed by Section 1 shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 9. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Committees of Directors

Section 10. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

In the absence of disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the By-Laws of the Corporation; and, unless the resolution or the Certificate of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 11. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

Compensation of Directors

Section 12. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Director and may be paid a fixed sum for attendance at each meeting of the Board of Directors and a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Removal of Directors

Section 13. Any director or the entire Board of Directors may be removed only in accordance with the provisions of the Corporation's Certificate of Incorporation.

ARTICLE V.
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these By-Laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VI.
OFFICERS

Section 1. The officers of the Corporation shall be chosen by the Board of Directors and shall consist of a Chairman of the Board, a President, a Chief Financial Officer, a Treasurer and a Secretary. The Board of Directors may also choose one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these By-Laws otherwise provide.

Section 2. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a Chairman of the Board, a President, a Treasurer, and a Secretary and may choose Vice Presidents.

Section 3. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors.

Section 5. The officers of the Corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

The Chairman of the Board

Section 6. The Chairman of the Board of Directors shall perform such duties and possess such powers as are assigned to him by the Board of Directors, including the duties of Chief Executive Officer. Unless otherwise provided by the Board of Directors, the Chairman of the Board shall preside at all meetings of the stockholders and at all meetings of the Board of Directors.

Chief Executive Officer

Section 7. The Chief Executive Officer or Chairman of the Board shall conduct general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the right of the directors to delegate any specific powers, except such as may be by statute exclusively conferred on the Chief Executive Officer or Chairman of the Board, to any other officer or officers of the Corporation. The Chief Executive Officer or Chairman of the Board shall have the general power and duties of supervision and management usually vested in the office of President of a corporation.

President

Section 8. The President shall perform such duties and possess such powers as are assigned to her by the Chairman of the Board or by the Board of Directors. In the absence or disability of the Chairman of the Board, the President shall preside at all meetings of the stockholders and the Board of Directors.

The Vice-Presidents

Section 9. In the absence of the President or in the event of his inability or refusal to act, the Vice President, if any, (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

The Secretary and Assistant Secretary

Section 10. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. Such individual shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision such individual shall be. Such individual shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 11. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of directors may from time to time prescribe.

The Chief Financial Officer, Treasurer and Assistant Treasurers

Section 12. The Board of Directors shall have the authority to appoint a Chief Financial Officer who may also be the Treasurer or a Chief Financial Officer and a Treasurer and any Assistant Treasurers which the Board of Directors deems necessary to the operation of the Company. The Chief Financial Officer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer, if there be one separate from the Chief Financial Officer, shall have the duties prescribed by the Board of Directors.

Section 13. The Chief Financial Officer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Chief Financial Officer and of the financial condition of the Corporation.

Section 14. If required by the Board of Directors, the Chief Financial Officer or Treasurer shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 15. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Chief Financial Officer or Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Chief Financial Officer or Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VII.
CERTIFICATE OF STOCK

Section 1. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the Chairman of the Board of Directors, or the President or a Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions or such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to

represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such individual were such officer, transfer agent or registrar at the date of issue.

Lost Certificates

Section 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Transfer of Stock

Section 4. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Fixing Record Date

Section 5. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting unless expressly disallowed by the Certificate of Incorporation, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to

any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Registered Stockholders

Section 6. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII.
GENERAL PROVISIONS

Dividends

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purposes as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Checks

Section 3. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Fiscal Year

Section 4. The fiscal year of the Corporation shall end on December 31, unless otherwise fixed by resolution of the Board of Directors.

Seal

Section 5. The Board of Directors may adopt a corporate seal having inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 6. No contract or transaction between the Corporation and one or more of the directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because such director or officer is present at or participates in the meeting of the Board of Directors or a committee of the Board of Directors which authorizes the contract or transaction or solely because his, her or their votes are counted for such purpose, if:

(1) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;

(2) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(3) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee of the Board of Directors, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IX.
AMENDMENTS

These By-Laws may be repealed, altered, amended or rescinded by the stockholders of the Corporation by vote of not less than sixty-six and two-thirds percent (66-2/3%) of the outstanding shares of voting stock of the Corporation entitled to vote at the election of directors. In addition, in accordance with the Corporation's Certificate of Incorporation, the Board of Directors may adopt, repeal, alter, amend or rescind these By-Laws by vote of a majority of the Board of Directors.

Exhibit 10.1

ALIGN TECHNOLOGY, INC.

AMENDED AND RESTATED
INVESTOR RIGHTS AGREEMENT

This Amended And Restated Investor Rights Agreement (the "Agreement") is entered into as of the 13th day of September, 2000, by and among Align Technology, Inc., a Delaware corporation (the "Company"), the holders of the Company's Series A Preferred Stock (the "Series A Stock") set forth on Exhibit A hereto, the holders of the Company's Series B Preferred Stock (the "Series B Stock") set forth on Exhibit B hereto, the holders of the Company's Series C Preferred Stock (the "Series C Stock") set forth on Exhibit C hereto, the holders of the Company's Series D Preferred Stock (the "Series D Stock") set forth in Parts I and II of Exhibit D hereto and the purchasers of the Company's Series D Stock set forth in Part III of Exhibit A of that certain Series D Preferred Stock Purchase Agreement of even date herewith (the "Purchase Agreement") and Part III of Exhibit D hereto. The holders of the Series A Stock, the holders of the Series B Stock, the holders of the Series C Stock, the holders of the Series D Stock and the purchasers of the Series D Stock shall be referred to hereinafter as the "Investors" and each individually as an "Investor."

Recitals

Whereas, certain Investors hold shares of the Company's Series A Stock, Series B Stock, Series C Stock, Series D Stock and/or shares of Common Stock issued upon conversion thereof and possess registration rights and other rights provided pursuant to an Amended and Restated Investor Rights Agreement dated as of May 25, 2000 (the "Prior Agreement");

Whereas, the Company and the Investors who hold Series A Stock, Series B Stock, Series C Stock and Series D Stock agreed in Section 5.6 (c) of the Prior Agreement that the Prior Agreement could be amended with only the written consent of the Company to include additional purchasers of shares of Series D Stock;

Whereas, the Company proposes to sell and issue up to an additional 894,118 shares of its Series D Stock pursuant to the Purchase Agreement to the Investors set forth in Part III of Exhibit D hereto; and

Whereas, as a condition of entering into the Purchase Agreement, certain of the Investors have requested that the Company extend to any additional purchasers of the Series D Stock the registration rights, information rights and other rights as set forth in the Prior Agreement, which rights are restated in their entirety below.

Now, Therefore, in consideration of the mutual promises, representations, warranties, covenants and conditions set forth in this Agreement and in the Purchase Agreement, the parties mutually agree that the Prior Agreement is amended and restated to read in its entirety as follows:

SECTION 1. GENERAL

1.1 Definitions.

As used in this Agreement the following terms shall have the following respective meanings:

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Form S-3" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"Holder" means any person owning of record Registrable Securities that have not been sold to the public, or any assignee of record of such Registrable Securities in accordance with Section 2.10 hereof.

"Initial Offering" means the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act with aggregate proceeds in excess of $75,000,000.

"Register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

"Registrable Securities" means (a) Common Stock of the Company issued or issuable upon conversion of the Shares; and (b) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, such above-described securities or the Shares. Notwithstanding the foregoing, Registrable Securities shall not include any securities sold by a person to the public either pursuant to a registration statement or Rule 144 or sold in a private transaction in which the transferor's rights under Section 2 of this Agreement are not assigned.

"Registrable Securities then outstanding" shall be the number of shares determined by calculating the total number of shares of the Company's Common Stock that are Registrable Securities and either (a) are then issued and outstanding or (b) are issuable pursuant to then exercisable or convertible securities.

"Registration Expenses" shall mean all expenses incurred by the Company in complying with Sections 2.2, 2.3 and 2.4 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, reasonable fees and disbursements not to exceed Fifty Thousand Dollars ($50,000) of a single special counsel for the Holders, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).

"SEC" or "Commission" means the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Series D Holders" shall mean Investors that hold outstanding shares of Series D Stock and Investors that purchase Series D Stock pursuant to the Purchase Agreement and their permitted transferees and assigns.

"Selling Expenses" shall mean all underwriting discounts and selling commissions applicable to the sale.

"Shares" shall mean the Series A Stock, Series B Stock, Series C Stock and Series D Stock outstanding as of the date hereof and Series D Stock issued pursuant to the Purchase Agreement, all as held by the Investors listed on Exhibits A, B, C and D hereto and their permitted assigns.
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SECTION 2. RESTRICTIONS ON TRANSFER; REGISTRATION.

2.1 Restrictions on Transfer.

(a) Each Holder agrees not to make any disposition of all or any portion of the Shares or Registrable Securities unless and until:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) (A) The transferee (other than a transferee of Shares or Registrable Securities pursuant to Rule 144 or pursuant to a transfer of the type referred to in Section 2(a)(iii) below) has agreed in writing to be bound by the terms of this Agreement, (B) such Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (C) if reasonably requested by the Company, such Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Securities Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) above, no such registration statement, opinion of counsel or agreement to be bound by this Agreement shall be necessary for a transfer by a Holder which is (A) a partnership to its partners or former partners in accordance with partnership interests, (B) a corporation to its stockholders in accordance with their interest in the corporation, (C) a limited liability company to its members or former members in accordance with their interest in the limited liability company, or (D) to the Holder's family member or to a trust for the benefit of an individual Holder; provided that in each case the transferee will be subject to the terms of this Agreement to the same extent as if he were an original Holder hereunder.

(b) Each certificate representing Shares or Registrable Securities shall (unless otherwise permitted by the provisions of this Agreement) be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws or as provided elsewhere in this Agreement):

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

(c) The Company shall be obligated to reissue promptly unlegended certificates at the request of any holder thereof if the holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company) reasonably acceptable to the Company to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification or legend.

(d) Any legend endorsed on an instrument pursuant to applicable state securities laws and the stop-transfer instructions with respect to such securities shall be removed upon receipt by the Company of an order of the appropriate blue sky authority authorizing such removal.

2.2 Demand Registration.

(a) Subject to the conditions of this Section 2.2, if the Company shall receive a written request from the Holders of at least fifty percent (50%) of the Registrable Securities then outstanding or the holders of at least twenty (20) percent of the Company's Common Stock issued or issuable upon conversion of the Series D Stock (the "Initiating Holders") that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities having an aggregate offering price to the public in excess of $20,000,000 (a "Qualified Public Offering"), then the Company shall, within ten (10) days of the receipt thereof, give written notice of such request to all Holders and, subject to the limitations of this Section 2.2, use its best efforts to effect, as soon as practicable, and in any event within sixty (60) days of the receipt of such request, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered.

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 2.2 or any request pursuant to Section 2.4 and the Company shall include such information in the written notice referred to in Section 2.2(a) or Section 2.4(a), as applicable. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting

(unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by a majority-in-interest of the Initiating Holders (which underwriter or underwriters shall be reasonably acceptable to the Company). Notwithstanding any other provision of this Section 2.2 or Section 2.4, if the underwriter advises the Company that marketing factors require a limitation of the number of securities to be underwritten (including Registrable Securities) then the Company shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities on a pro rata basis based on the number of Registrable Securities held by all such Holders (including the Initiating Holders), provided however that the number of Shares of Registrable Securities to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) The Company shall not be required to effect a registration pursuant to this Section 2.2:

(i) prior to the earlier of (A) the second anniversary of the date of this Agreement and (B) the date which is 180 days after the effective date of the registration statement pertaining to the Initial Offering; or

(ii) after the Company has effected two (2) registrations pursuant to this Section 2.2 for all Registrable Securities and two (2) registrations for the Holders of Series D Preferred Stock and such registrations have been declared or ordered effective; or

(iii) during the period starting with the date of filing of, and ending on the date one hundred eighty (180) days following the effective date of the registration statement pertaining to the Initial Offering; provided that the Company makes all reasonable good faith efforts to cause such registration statement to become effective; or

(iv) if within ten (10) days of receipt of a written request from Initiating Holders pursuant to Section 2.2(a), the Company gives notice to the Holders of the Company's intention to make its Initial Offering within ninety (90) days; provided, that, (a) the Company makes all reasonable good faith efforts to file and cause to become effective within such 90 day period the registration statement pertaining to such Initial Offering and (b) such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period; or

(v) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2.2, a certificate signed by the Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; provided that

such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period.

2.3 Piggyback Registration.

The Company shall notify all Holders in writing at least thirty (30) days prior to the initial filing of any registration statement under the Securities Act for purposes of a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, and registrations commenced pursuant to Section 2.2, but excluding registration statements relating to employee benefit plans or with respect to corporate reorganizations or other transactions under Rule 145 of the Securities Act) and will afford each such Holder an opportunity to include in such registration statement all or part of such Registrable Securities held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall, within 20 days after receipt of the above-described notice from the Company, so notify the Company in writing and the Company shall, subject to Section 2.3(a), cause to be registered under the Securities Act all of the Registrable Securities that each such Holder has requested to be registered. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(a) Underwriting. If the registration statement under which the Company gives notice under this Section 2.3 is for an underwritten offering, the Company shall so advise the Holders. In such event, the right of any such Holder to be included in a registration pursuant to this Section 2.3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Agreement, if the underwriter determines in good faith that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be included in the underwriting shall be allocated, first, to the Company; second, to the Holders on a pro rata basis based on the total number of Registrable Securities entitled and requested by the Holders to be included in the offering under this Section 2.3; and third, to any stockholder of the Company (other than a Holder) on a pro rata basis. No such reduction shall reduce the amount of securities of the selling Holders included in the registration below thirty percent (30%) of the total amount of securities included in such registration, unless such offering is the Initial Offering and such registration does not include shares of any other selling stockholder, in which event any or all of the Registrable Securities of the Holders may be excluded in accordance with the immediately preceding sentence. In no event will shares of any other selling stockholder be included in such registration which would reduce the number of shares which may be included by Holders without the written consent of Holders of not less than a majority of the Registrable Securities proposed to be sold in the offering.

(b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.3 prior to the effectiveness of such registration, whether or not any Holder has elected to include securities in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.5 hereof.

2.4 Form S-3 Registration.

In case the Company shall receive from any Holder or Holders a written request or requests that the Company effect a registration on Form S-3 (or any successor to Form S-3) or any similar short-form registration statement and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) as soon as practicable and in any event within sixty (60) days of the receipt of such request, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within 20 days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.4:

(i) if Form S-3 (or any successor or similar form) is not available for such offering by the Holders, or

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than $500,000, or

(iii) if the Company shall furnish to the Holders a certificate signed by the Chairman of the Board of Directors of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 2.4; provided, that such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period, or

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form S-3 for the Holders pursuant to this Section 2.4, or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a Form S-3 registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this Section 2.4 shall not be counted as demands for registrations or registrations pursuant to Section 2.2.

2.5 Expenses of Registration.

Except as specifically provided herein, all Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Sections 2.2, 2.3 or 2.4 herein shall be borne by the Company. All Selling Expenses incurred in connection with any registration hereunder, shall be borne by the holders of the securities so registered pro rata on the basis of the number of shares so registered. The Company shall not, however, be required to pay for expenses of any registration proceeding begun pursuant to Sections 2.2 or 2.4, the request of which has been subsequently withdrawn by the Initiating Holders unless (a) the withdrawal is based upon material adverse information concerning the Company of which the Initiating Holders were not aware at the time of such request or (b) the Holders of a majority of Registrable Securities agree to forfeit their right to one requested registration pursuant to Sections 2.2 or 2.4, as applicable, in which event such right shall be forfeited by all Holders). If the Holders are required to pay the Registration Expenses, such expenses shall be borne by the holders of securities (including Registrable Securities) requesting such registration in proportion to the number of shares for which registration was requested. If the Company is required to pay the Registration Expenses of a withdrawn offering pursuant to clause (a) above, then the Holders shall not forfeit their rights to a demand registration pursuant to Sections 2.2 or 2.4.

2.6 Obligations of the Company.

Whenever required to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use all reasonable efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for up to one hundred and twenty (120) days or, if earlier, until the Holder or Holders have completed the distribution related thereto. If requested by any Initiating Holder, any registration effected pursuant to Section 2.2 or Section 2.4 will be a registration that contemplates a distribution of securities on a delayed or continuous basis pursuant to Rule 415 promulgated under the Securities Act, in which case the applicable registration statement shall be kept effective until all securities covered thereby have been sold.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as

may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(i) Cooperate and assist in any filings to be made with the National Association of Securities Dealers.

(j) Furnish, at the request of a majority of the Holders participating in the registration, on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) a letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten

public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and if permitted by applicable accounting standards, to the Holders requesting registration of Registrable Securities.

2.7 Termination of Registration Rights.

All registration rights granted under this Section 2 shall terminate and be of no further force and effect five (5) years after the date of the Company's Initial Offering. In addition, a Holder's registration rights shall expire if (a) the Company has completed its Initial Offering and is subject to the provisions of the Exchange Act and (b) all Registrable Securities held by and issuable to such Holder (and its affiliates, partners and former partners) may be sold under Rule 144 during any ninety (90) day period.

2.8 Delay of Registration; Furnishing Information.

(a) No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

(b) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2.2, 2.3 or 2.4 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registration of their Registrable Securities.

2.9 Indemnification.

In the event any Registrable Securities are included in a registration statement under Sections 2.2, 2.3 or 2.4:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, stockholders, members, officers and directors of each Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation") by the Company: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements 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, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with the offering covered by such registration statement; and the Company will reimburse each such Holder, partner, officer, director, stockholder, member, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection

with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this
Section 2.9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, officer, director, legal counsel, underwriter or controlling person of such Holder.

(b) To the extent permitted by law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify and hold harmless the Company, each of its directors, its officers, and each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder's partners, directors or officers or any person who controls such Holder, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, controlling person, underwriter or other such Holder, or partner, director, officer or controlling person of such other Holder may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder under an instrument duly executed by such Holder and stated to be specifically for use in connection with such registration; and each such Holder will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other Holder, or partner, officer, director, or controlling person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action if it is judicially determined that there was such a Violation; provided, however, that the indemnity agreement contained in this Section 2.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided further, that in no event shall any indemnity under this Section 2.9 exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.9 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party

within a reasonable time of the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 2.9, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.9.

(D) If the indemnification provided for in this Section 2.9 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, that in no event shall any contribution by a Holder hereunder exceed the net proceeds from the offering received by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 2.9 shall survive completion of any offering of Registrable Securities pursuant to a registration statement and the termination of this Agreement. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

2.10 Assignment of Registration Rights.

The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a Holder to a transferee or assignee of Registrable Securities which (a) is a subsidiary, parent, general partner, limited partner, member, stockholder, affiliate or retired partner or retired member of a Holder, (b) is a Holder's family member or is a trust for the benefit of an individual Holder, or (c) acquires at least fifty thousand (50,000) shares of Registrable Securities (as adjusted for stock splits and combinations) or 100% of the Registrable Securities held by the transferring Holder; provided, however, (i) the transferor shall, within fifteen (15) days
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after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration

rights are being assigned and (ii) such transferee shall agree to be subject to all restrictions set forth in this Agreement.

2.11 Amendment of Registration Rights.

Any provision of this Section 2 may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Holders of at least 66-2/3% of the Registrable Securities then outstanding and holders of 76% of the outstanding Registrable Securities held by all Series D Holders. Any amendment or waiver effected in accordance with this Section 2.11 shall be binding upon each Holder and the Company. By acceptance of any benefits under this Section 2, Holders of Registrable Securities hereby agree to be bound by the provisions hereunder.

2.12 Limitation on Subsequent Registration Rights.

After the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would grant such holder registration rights senior to, or on parity with, those granted to the Holders hereunder.

2.13 "Market Stand-Off' Agreement.

Each Holder hereby agrees that such Holder shall not sell or otherwise transfer or dispose of any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act, provided that:

(i) such agreement shall apply only to the Company's Initial Offering; and

(ii) all officers, directors, one-percent security holders of the Company, and other persons holding a majority in interest of securities of the Company with registration rights (whether or not pursuant to this Agreement), enter into similar agreements.

Each Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. The obligations described in this Section 2.13 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a SEC Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred eighty (180) day period.

2.14 Rule 144 Reporting.

(a) With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its best efforts to:

(b) Make and keep public information available, as those terms are understood and defined in SEC Rule 144 or any similar or analogous rule promulgated under the Securities Act, at all times after the effective date of the first registration filed by the Company for an offering of its securities to the general public;

(c) File with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act; and

(d) So long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of said Rule 144 of the Securities Act, and of the Exchange Act (at any time after it has become subject to such reporting requirements); a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as a Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

SECTION 3. Covenants Of The Company

3.1 Basic Financial Information and Reporting.

(a) The Company will maintain true books and records of account in which full and correct entries will be made of all its business transactions pursuant to a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied, and will set aside on its books all such proper accruals and reserves as shall be required under generally accepted accounting principles consistently applied.

(b) As soon as practicable after the end of each fiscal year of the Company, and in any event within 90 days thereafter, the Company will furnish to each Investor a consolidated balance sheet of the Company, as at the end of such fiscal year, and a consolidated statement of operations and a consolidated statement of cash flows of the Company, for such year, all prepared in accordance with generally accepted accounting principles consistently applied and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail. Such financial statements shall be accompanied by a report and opinion thereon by independent public accountants of national standing selected by the Company's Board of Directors.

(c) The Company will furnish to each Investor, as soon as practicable after the end of each month, and in any event within thirty (30) days thereafter, a consolidated balance sheet of the Company as of the end of each such period, and a consolidated statement of operations and a consolidated statement of cash flows of the Company for such period and for the current fiscal year to date, prepared in accordance with generally accepted accounting

principles, with the exception that no notes need be attached to such statements and year-end audit adjustments may not have been made.

(d) So long as an Investor (with its affiliates) shall own not less than one hundred thousand (100,000) shares of Registrable Securities (as adjusted for stock splits and combinations) (a "Major Investor"), the Company will furnish to each such Major Investor (i) at least thirty (30) days prior to the beginning of each fiscal year an annual budget, business and operating plans for such fiscal year (and as soon as available, any subsequent revisions thereto); and (ii) as soon as practicable after the end of each month, and in any event within twenty (20) days thereafter, a consolidated balance sheet of the Company as of the end of each such month, and a consolidated statement of operations and a consolidated statement of cash flows of the Company for such month and for the current fiscal year to date, including a comparison to plan figures for such period, prepared in accordance with generally accepted accounting principles consistently applied, with the exception that no notes need be attached to such statements and year-end audit adjustments may not have been made.

3.2 Inspection Rights.

Each Investor shall have the right to visit and inspect any of the properties of the Company or any of its subsidiaries, and to discuss the affairs, finances and accounts of the Company or any of its subsidiaries with its officers, and to review such information as is reasonably requested all at such reasonable times and as often as may be reasonably requested; provided, however, that the Company shall not be obligated under this Section 3.2 to provide such access for any competitor of the Company or to any information which the Board of Directors determines in good faith is confidential and should not, therefore, be disclosed.

3.3 Confidentiality of Records.

Each Investor agrees to use, and to use its best efforts to ensure that its authorized representatives use, the same degree of care as such Investor uses to protect its own confidential information to keep confidential any information furnished to it which the Company identifies as being confidential or proprietary (so long as such information is not in the public domain), except that such Investor may disclose such proprietary or confidential information to any partner, subsidiary, affiliate or parent of such Investor for the purpose of evaluating its investment in the Company as long as such partner, subsidiary or parent is advised of the confidentiality provisions of this Section 3.3).

3.4 Reservation of Common Stock.

The Company will at all times reserve and keep available, solely for issuance and delivery upon the conversion of the Series A Stock, Series B Stock, Series C Stock and Series D Stock, all Common Stock issuable from time to time upon such conversion.

3.5 Stock Vesting.

Unless otherwise approved by the Board of Directors, all stock options, stock and other stock equivalents issued after the date of this Agreement to employees, directors, consultants and other service providers shall be subject to vesting as follows: (a) twenty-five

percent (25%) of such stock shall vest at the end of the first year following the date of issuance or such person's services commencement date with the Company, if earlier, and (b) seventy-five percent (75%) of such stock shall vest in monthly increments over the remaining three (3) years. With respect to any shares of stock purchased by any such person, the Company's repurchase option shall provide that upon such person's termination of employment or service with the Company, with or without cause, the Company or its assignee (to the extent permissible under applicable securities laws and other laws) shall have the option to purchase at cost any unvested shares of stock held by such person. In addition, with respect to any shares of stock purchased by any such person, the Company shall have a right of first refusal with respect to all transfers of any such shares of stock (with customary exceptions for transfers in connection with estate planning and similar matters).

3.6 Proprietary Information and Inventions Agreement.

The Company shall require all employees and consultants to execute and deliver a Proprietary Information and Inventions Agreement in the form attached to the Purchase Agreement.

3.7 Real Property Holding Corporation.

The Company covenants that it will operate in a manner such that it will not become a "United States real property holding corporation" ("USRPHC"), as that term is defined in Section 897(c)(2) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder ("FIRPTA"). The Company agrees to make determinations as to its status as a USRPHC, and will file statements concerning those determinations with the Internal Revenue Service, in the manner and at the times required under Reg. (S) 1.897-2(h), or any supplementary or successor provision thereto. Within 30 days of a request from an Investor or any of its partners, the Company will inform the requesting party, in the manner set forth in Reg. (S) 1.897-2(h)(1)(iv) or any supplementary or successor provision thereto, whether that party's interest in the Company constitutes a United States real property interest (within the meaning of Internal Revenue Code Section 897(c)(1) and the regulations thereunder) and whether the Company has provided to the Internal Revenue Service all required notices as to its USRPHC status.

3.8 Visitation Rights.

For so long as any entity whose investment decisions are directed by QuestMark Advisers, LLC shall hold any of the Company's securities, the Company shall allow one representative designated by QuestMark Advisers, LLC to attend all meetings of the Company's Board of Directors in a non-voting capacity and, in connection therewith, the Company shall give such representative copies of all notices, minutes, consents and other materials, financial or otherwise, which the Company provides to its Board of Directors; provided, however, that
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the Company reserves the right to exclude such representative from access to any material or meeting or portion thereof if the Company believes upon advice of counsel that such exclusion is reasonably necessary to preserve the attorney-client privilege, to protect Confidential Information, or for other similar reasons. For so long as any entity whose investment decisions are directed by any of Oak Hill Capital Partners, L.P., The Carlyle Group or ABS Ventures (the "Series D Investors") shall hold any of the Company's securities, the Company shall allow one

representative designated by each Series D Investor, as applicable, to attend all meetings of the Company's Board of Directors (including the Executive Committee of the Board of Directors) in a non-voting capacity and, in connection therewith, the Company shall give each such representative copies of all notices, minutes, consents and other materials, financial or otherwise, which the Company provides to its Board of Directors; provided, however, that the Company reserves the right to exclude such representative from access to any material or meeting or portion thereof if the Company believes upon advice of counsel that such exclusion is reasonably necessary to preserve the attorney-client privilege.

3.9 Major Company Investments.

Without the prior written consent of the holders of a majority of the outstanding Shares, voting separately as a class, the Company will not, and will not permit any of its subsidiaries to purchase or otherwise acquire (by merger, consolidation, reorganization, combination or otherwise), in one transaction or a series of related transactions, the capital stock or equity securities of any entity or all or any substantial portion of the assets of any person or entity, if the aggregate fair market value of the consideration paid or surrendered therefore equals or exceeds $50,000,000.

3.10 Termination of Covenants.

All covenants of the Company contained in Section 3 of this Agreement (except those contained in Sections 3.4; and those contained in Section 3.8, which Section 3.8 covenants shall expire on the second anniversary of the effective date of the Initial Offering) shall expire and terminate as to each Investor on the effective date of the registration statement pertaining to the Initial Offering.

SECTION 4. RIGHTS OF FIRST REFUSAL

4.1 Subsequent Offerings.

Each Investor shall have a right of first refusal to purchase its pro rata share of all Equity Securities, as defined below, that the Company may, from time to time, propose to sell and issue after the date of this Agreement, other than the Equity Securities excluded by Section 4.6 hereof. Each Investor's pro rata share is equal to the ratio of (a) the number of shares of the Company's Common Stock (including all shares of Common Stock issued or issuable upon conversion of the Shares) of which such Investor is deemed to be a holder immediately prior to the issuance of such Equity Securities to (b) the total number of shares of the Company's outstanding Common Stock (including all shares of Common Stock issued or issuable upon conversion of any securities convertible into Common Stock or upon the exercise of any outstanding warrants or options) immediately prior to the issuance of the Equity Securities. The term "Equity Securities" shall mean (i) any Common Stock, Preferred Stock or other security of the Company, (ii) any security convertible, with or without consideration, into any Common Stock, Preferred Stock or other security (including any option to purchase such a convertible security), (iii) any security carrying any warrant, option or right to subscribe to or purchase any Common Stock, Preferred Stock or other security or (iv) any such warrant, option or right.

4.2 Exercise of Rights.

If the Company proposes to issue any Equity Securities, it shall give each Investor written notice of its intention, describing the Equity Securities, the price and the terms and conditions upon which the Company proposes to issue the same. Each Investor shall have twenty (20) days from the receipt of such notice to agree to purchase its pro rata share of the Equity Securities for the price and upon the terms and conditions specified in the notice by giving written notice to the Company and stating therein the quantity of Equity Securities to be purchased. Notwithstanding the foregoing, the Company shall not be required to offer or sell such Equity Securities to any Investor who would cause the Company to be in violation of applicable federal securities laws by virtue of such offer or sale.

4.3 Issuance of Equity Securities to Other Persons.

If not all of the Investors elect to purchase their pro rata share of the Equity Securities, then the Company shall promptly notify in writing the Investors who do so elect and shall offer such Investors the right to acquire such unsubscribed shares. The Investors shall have 10 days after receipt of such notice to notify the Company of their election to purchase their pro rata portion of all or a portion of the unsubscribed shares. If the Investors fail to exercise in full the rights of first refusal, the Company shall have ninety (90) days thereafter to sell the Equity Securities in respect of which the Investors' rights were not exercised, at a price and upon general terms and conditions materially no more favorable to the purchasers thereof than specified in the Company's notice to the Investors pursuant to Section 4.2 hereof. If the Company has not sold such Equity Securities within ninety (90) days of the notice provided pursuant to Section 4.2, the Company shall not thereafter issue or sell any Equity Securities without first offering such securities to the Investors in the manner provided above.

4.4 Termination of Rights of First Refusal.

The rights of first refusal established by this Section 4 shall not apply to, and shall terminate upon the effective date of the registration statement pertaining to, the Initial Offering.

4.5 Transfer of Rights of First Refusal.

The rights of first refusal of each Investor under this Section 4 may be transferred to the same parties and subject to the same restrictions as any transfer of registration rights pursuant to Section 2.10.

4.6 Excluded Securities.

The rights of first refusal established by this Section 4 shall have no application to any of the following Equity Securities:

(a) shares of Common Stock (and/or options, warrants or other Common Stock purchase rights) issued or to be issued to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary for the primary purpose of soliciting or retaining their services, pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors; provided, however, that following the effective date of this

Agreement, options, warrants or other Common Stock purchase rights to purchase more than an aggregate of 1,665,989 shares of the Company's Common Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) shall not be issued without the approval of the holders of at least seventy-six percent (76%) of the outstanding Series D Preferred.

(b) stock issued pursuant to Common Stock purchase rights, options and warrants outstanding as of the date of this Agreement; and stock issued pursuant to any Common Stock purchase rights, options and warrants granted after the date of this Agreement, provided that the rights of first refusal established by this Section 4 applied with respect to the initial sale or grant by the Company of such rights, options or warrants;

(c) any Equity Securities issued for consideration other than cash pursuant to a merger, consolidation, acquisition or similar business combination and approved by at least seventy-six percent (76%) of the outstanding Series D Preferred;

(d) shares of Common Stock issued in connection with any stock split, stock dividend or recapitalization by the Company;

(e) shares of Common Stock issued upon conversion of the Shares;

(f) any Equity Securities issued pursuant to any equipment leasing arrangement, or commercial credit arrangement from a bank or similar financial institution; and

(g) any Equity Securities that are issued by the Company in its Initial Offering.

(h) shares of Series D Preferred Stock issued at closings subsequent to the date of this Agreement as contemplated by the Purchase Agreement.

SECTION 5. MISCELLANEOUS.

5.1 Governing Law.

This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

5.2 Survival.

The representations, warranties, covenants, and agreements made herein shall survive any investigation made by any Investor and the closing of the transactions contemplated hereby. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder solely as of the date of such certificate or instrument.

5.3 Successors and Assigns.

Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto and shall inure to the benefit of and be enforceable by each person who shall be a holder of Registrable Securities from time to time; provided, however, that prior to the receipt by the Company of adequate written notice of the transfer of any Registrable Securities specifying the full name and address of the transferee, the Company may deem and treat the person listed as the holder of such shares in its records as the absolute owner and holder of such shares for all purposes, including the payment of dividends or any redemption price.

5.4 Entire Agreement.

This Agreement, the Exhibits hereto, the Purchase Agreement and the other documents delivered pursuant thereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein.

5.5 Severability.

In case any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

5.6 Amendment and Waiver.

(a) Except as otherwise expressly provided, this Agreement may be amended or modified only upon the written consent of the Company and the holders of at least 66-2/3% of the Registrable Securities; provided, however, any
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amendment or modification which adversely affects the rights, of the holders of Series D Stock shall require the written consent of the holders of at least 76% of the shares of Series D Stock.

(b) Except as otherwise expressly provided, the obligations of the Company and the rights of the Holders under this Agreement may be waived only with the written consent of the holders of at least 66-2/3% of the Registrable Securities; provided, however, any waiver which adversely affects the rights, of
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the holders of Series D Stock shall require the written consent of the holders of at least 76% of the shares of Series D Stock.

(c) Notwithstanding the foregoing, this Agreement may be amended with only the written consent of the Company to include additional purchasers of Shares as "Investors," "Holders" and parties hereto.

5.7 Delays or Omissions.

It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any Holder, upon any breach, default or noncompliance of the Company under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver

of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on any Holder's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to Holders, shall be cumulative and not alternative.

5.8 Notices.

All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the party to be notified at the address as set forth on the signature pages hereof or the Exhibits hereto or at such other address as such party may designate by ten (10) days advance written notice to the other parties hereto.

5.9 Attorneys' Fees.

In the event that any dispute among the parties to this Agreement should result in litigation, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement including, without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

5.10 Titles and Subtitles.

The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

5.11 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

5.12 Regulatory Matters.

(a) Cooperation of Other Parties. Each party hereto agrees to cooperate with the Company in all reasonable respects in complying with the terms and provisions of the letter agreement between the Company and ABS Ventures, a copy of which is attached hereto as Exhibit E, regarding small business matters (the "Small Business Sideletter"), including without limitation, voting to approve the Company's Amended and Restated Certificate of Incorporation (the "Certificate"), the Company's By-Laws or this Agreement in a manner reasonably acceptable to the parties and ABS Ventures or any Regulated Holder (as defined in the Small Business Sideletter) entitled to make such request pursuant to the Small Business Sideletter in order to remedy a Regulatory Problem (as defined in the Small Business Sideletter). Anything

contained in this Section 5.12 to the contrary notwithstanding, no party shall be required under this Section 5.12 to take any action that would adversely affect such party's rights under this Agreement or as a stockholder of the Company.

(b) Covenant Not to Amend. The Company and each party agree not to amend or waive the voting or other provisions of the Certificate, the Company's By-Laws or this Agreement if such amendment or waiver would cause any Regulated Holder to have a Regulatory Problem (as defined in the Small Business Sideletter). Investor agrees to notify the Company as to whether or not it would have a Regulatory Problem promptly after ABS Ventures has notice of such amendment or waiver. Anything contained in this Section 5.12 to the contrary notwithstanding, no party shall be required under this Section 5.12 to take any action that would adversely affect such party's rights under this Agreement or as a stockholder of the Company.

In Witness Whereof, the parties hereto have executed this Amended and Restated Investors Rights Agreement as of the date set forth in the first paragraph hereof.

COMPANY:

Align Technology, Inc.

By:_____
Zia Chishti, Chief Executive Officer
442 Potrero Avenue
Sunnyvale, CA 94086

Exhibit A

SCHEDULE OF SERIES A INVESTORS

Kleiner Perkins Caufield & Byers VIII, L.P.
KPCB VIII Founders Fund, L.P.
KPCB Life Sciences Zaibatsu Fund II, L.P.
Muhammad Ziaullah Chishti
Gretchen Daily
Leela DeSouza
Mark DeSouza
Ann Ehrlich and Paul Ehrlich
Barbara Freyburger and Peter Freyburger
Barbara Garvey and James Garvey
Pam Green
Nick Lapham
Apostolos Lerios
Garret McDonald
Rachel Obstler
Richard Ridgley
Diane Voght and William Voght
Julie Weber
Christopher Wirth
Kelsey Wirth
Timothy Wirth
Wren Wirth
Robin Kellogg
David Golob
Greg Wadden
Dan Huttenlocher
Professional Community Management of California, Inc.
John Larson
Theros Logothetis
F. Scott Jackson, Esq.
Nitin Mehta
Edward G. Hall and Elaine C. Hall
Carly M. Kurth
Amy N. Kurth
Richard C. and Margaret A. Kurth
Krista L. Danner
Gregory D. Danner
Dennis and Rona Danner

Exhibit B

SCHEDULE OF SERIES B INVESTORS

Domain Partners III, L.P.
3i Bioscience Investment Trust plc
DP III Associates, L.P.
Kleiner Perkins Caufield & Byers VIII, L.P.
KPCB VIII Founders Fund, L.P.
KPCB Life Sciences Zaibatsu Fund II, L.P
Gordon Gund
Grant Gund
Zachary Gund
Gordon Gund - Grant Gund Trust
Gordon Gund - Zachary Gund Trust
Mehta Family Partners for Series B
John Larson
Ike Udechuku
Russell Byers, Jr.
Paul and Anne Ehrlich
Josh Green
Wren Wirth
Timothy Wirth
Kelsey Wirth
Christopher Wirth
Warren Thaler
The Mandato Family Trust
Robert Grady
Nick Lapham
Gretchen Daily
Pam Green
Steve Nichols
Garrett McDonald
Professional Community Management of California
James Heslin
David Golob
Omar Ralph Godin
Ross Miller
Karen Terrey
The Van Linge Family Trust, Bradley V. Van Linge and
Stephanie W. Elkins Co-Trustees
F. Scott Jackson
Barbara and James Garvey
Rachel Obstler
Leela DeSouza

Carly M. Kurth
Amy N. Kurth
Richard C. and Margaret A. Kurth
Krista Danner
Gregory D. Danner
Dennis and Rona Danner

Exhibit B-2

Exhibit C

SCHEDULE OF SERIES C INVESTORS

QuestMark Partners, L.P.
QuestMark Partners Side Fund, L.P.
Kleiner Perkins Caufield & Byers VIII, L.P.
KPCB VIII Founders Fund, L.P.
Domain Partners III, L.P.
3i Bioscience Investment Trust plc
Gordon Gund
Grant Gund
Zachary Gund
Grant Gund 1978 Trust
G. Zachary Gund 1978 Trust
Vector Later-Stage Equity Fund II (Q.P.), L.P.
Vector Later-Stage Equity Fund II, L.P.
Bayview 99 I, L.P.
Bayview 99 II, L.P.
BancBoston Robertson Stephens
Gretchen Daily
Paul and Anne Ehrlich
David Golob
Pam Green
F. Scott Jackson
Richard and Margaret Kurth
Nick Lapham
John Larson
Garrett McDonald
Mehta Family Partners
Professional Com. Mgmt of CA
Christopher Wirth
Kelsey Wirth
Timothy Wirth
Wren Wirth
James Heslin
Karen Terrey
Ike Udechuku
Brad Van Linge
Jae Ahn
Rafael Arapeles
Dr. Andy Barron
Joe Breeland
Doug Bukaty
Ka Man Cheang

Julie Child
Julie Dela Fuente
Gene Detwiler
Trang Duong
Francisco Garcia
Marty Graham
Robert Hall
Beth Halloran
Cynthia & Joe Huber
Robert Huber
Ed Ivers
Bruce Jacobs
Alamgir Khan
Dr. James Kohl
Eric Kuo
Grace & Ben Kuo
Min-Jin Kuo
Helen Lear
Can Nguyen
Scott O'Neil
Elena Pavlovskaia
Mari Sawtelle
Lisa Scott
Bill Steuben
Ray Stewart
Jeff Tunnell
Russell Whorton
Cliff Williams
Ian Williams
Andrew Trosien
Allen Lee
Len Hedge
Kay White
Alex Benton
Elliott Benton
Ethan Benton
Meredith Benton
Leland Benton
Michele Beers
Jonathon and Leilani Beers
Raymond James & Assoc. Inc. CSDN FBO
Ronald B. Cooper DDS PA MPPP
John V. Terrey
Jeffrey D. Terrey
Janice Sykes
Rita or Troy P. Miller Jr.

Pearl C. Vargha

Exhibit C-3

EXHIBIT 10.2

[LETTERHEAD OF ALIGN]

November 6, 2000

Mr. Stephen Bonelli

Re: Employment Terms

Dear Steve:

Align Technology Incorporated is pleased to offer you the position of Chief Financial Officer and Vice President of Finance, on the following terms.

You will be responsible for the entire finance and accounting functions of the Company. Your place of work will be at the offices of Align Technology, 851 Martin Ave., Santa Clara, CA 95050.

Your base salary will be $16,666.67 monthly, less payroll deductions and all required withholdings, which equates to $200,000.00 on an annualized basis. This salary will be paid bi-weekly in accordance with the Company"s ordinary payroll practices. You will also be eligible for a discretionary annual bonus, based upon your achievement of objectives which will be set by Kelsey Wirth and me in consultation with you. Furthermore, you will be eligible for the standard Company benefits, including medical insurance, 20 days of paid vacation annually, and sick leave. You will be eligible to participate in most benefits on the first day of employment. Details about these benefit plans are available for your review.

Subject to the approval of the Board of Directors, Align Technology will grant you an immediately exercisable option to purchase 130,000 shares of Align Technology common stock which shall be subject to a right of repurchase by the Company until vested. The option shall vest as to 25% of the shares on the first anniversary of your employment and as to 1/48th of the shares at the end of each month thereafter, for full vesting after four (4) years. The exercise price shall be 100% of the fair market value of the stock on the date of grant. Subject to the approval by the Board, the Company will loan you funds adequate to exercise at least 60% of your options. The loan will be repayable in two (2) years and will bear interest at 7% per year payable annually. The loan will be secured by stock being purchased.

You may terminate your employment with Align Technology at any time and for any reason whatsoever; simply by notifying the Company. Likewise, the Company may terminate your employment at any time and for any reason whatsoever, with or without cause or advance notice. Although the Company may from time to time change your position, duties, manager, hours and work location as it deems necessary, the "at-will" nature of your employment relationship cannot be changed except in writing signed by you and the President or CEO of the Company expressly for that purpose.

Although your employment will be "at-will," if the Company terminates your employment at any time without "Cause" or if you resign for "Good Reason" you will be credited with one (1) year vesting of your options in addition to whatever vesting you have earned to date, provided that you sign a full release of all claims at the time your employment terminates.

For the purposes of additional vesting under this letter, "Cause" shall mean a Company-initiated termination for any of the following reasons: (a) failure to perform the material duties of your position; (b) being convicted of a crime; (c) committing an act of fraud against, or the misappropriation of property belonging to the Company; (d) intentional misconduct; or (e) a material breach by you of this Agreement or any confidentiality or proprietary information agreement between you and the Company. A termination by the Company for any other reason is a termination without Cause.

Also for the purposes of additional of vesting under this agreement, "Good Reason" shall mean any reduction in your base salary, a change in reporting responsibilities, a material change of work responsibilities as a result of a change in control of the Company, or if you are required to relocate more than 45 miles from the current location of the Company. A resignation by you for any other reason would be a resignation without Good Reason. You would be required to give the Company notice and a reasonable opportunity during which to cure before resigning for Good Reason.

This letter, together with your Proprietary Information and Inventions Agreement, constitute the complete terms and conditions of your employment, and these terms supersede any other agreements or promises made to you by anyone, whether oral or written. As required by law, this offer is subject to satisfactory proof of your right to work in the United States.

Please sign and date this letter upon your acceptance of our offer.

We look forward to your favorable reply and to a productive and enjoyable work relationship.

Sincerely,

- ----------
Zia Chishti, CEO

ACCEPTED:

- ----------
Stephen J. Bonelli

- ----------
Date

EXHIBIT 10.5

SUB-SUBLEASE AGREEMENT

This Sub-sublease Agreement ("Sub-sublease") is made effective as of the ___ day of July, 2000, (the "Effective Date") by and between GW Com, Inc., a Delaware corporation ("Sub-sublessor"), and Align Technology, Inc., a Delaware corporation ("Sub-sublessee"). Sub-sublessor agrees to Sub-sublease to Sub-sublessee, and Sub-sublessee agrees to Sub-sublease from Sub-sublessor, those certain premises situated in the City of Santa Clara, County of Santa Clara, State of California, consisting of approximately 15,704 rentable square feet of space located in the building (the "Building") known as 851 Martin Avenue, Santa Clara, California, more particularly set forth on Exhibit "A" hereto (the "Sub-subleased Premises").

ARTICLE 1

MASTER LEASE, SUBLEASE AND OTHER AGREEMENTS

1.1 Subordinate to Master Lease. Except as specifically set forth herein, this Sub-sublease is subject and subordinate to all of the terms and conditions of the Sublease (the "Master Sublease") dated April 17, 2000, between Golf Pro International, Inc., ("Master Sublessor") and Sub-sublessor as "Sublessee" and the lease dated October 4, 1999 ("Master Lease") between James S. Lindsey a "Lessor" ("Master Lessor"), and Master Sublessor, as the "Lessee". Sub-sublessee hereby assumes and agrees to perform the obligations of Sublessee under the Master Sublease and the Master Lease as more particularly set forth herein, except as specifically stated to the contrary herein. Unless otherwise defined, all capitalized terms used herein shall have the same meanings as given them in the Master Sublease. A copy of the Master Sublease is attached hereto as Exhibit "B1" and incorporated herein by this reference. A copy of the Master Lease is attached hereto as Exhibit "B2" and incorporated herein by this reference. Sub-sublessee shall not commit or permit to be committed any act or omission which would violate any term or condition of the Master Sublease or the Master Lease, as incorporated herein. Sub-sublessee shall neither do nor permit anything to be done which would cause the Master Sublease to be terminated or forfeited by reason of any right of termination or forfeiture reserved or vested in Master Sublessor under the Master Sublease, and Sub-sublessee shall indemnify and hold Sub-sublessor harmless from and against all liability, judgments, costs, demands, claims, and damages of any kind whatsoever (including, without limitation, attorneys' fees and court costs) by reason of any failure on the part of Sub-sublessee to perform any of the obligations of Sublessee under the Master Sublease which Sub-sublessee has become obligated hereunder to perform. In the event of the termination of Sub-sublessor's interest as Sublessee under the Master Sublease for any reason, then this Sub-sublease shall terminate automatically upon such termination without any liability of Master Lessor or Master Sublessor to Sub-sublessee and other than for Sub-sublessor's breach, such termination shall be without any liability of Sub-sublessor to Sub-sublessee. Sub-sublessee represents and warrants to Sub-sublessor that it has read and is familiar with the Master Sublease and the Master Lease. Notwithstanding any other provision in this Sub-sublease, in the event the Master Sublease is canceled or terminated for any reason, or involuntarily surrendered by operation of law before the expiration date of this Sub-sublease, Sub-sublessee agrees, at the sole option of the Master Sublessor, to attorn to the Master Sublessor for the balance of the term of this Sub-sublease and on the then executory terms of this Sub-sublease. That attornment will be evidenced by an

agreement in form and substance reasonable satisfactory to the Master Sublessor. Sub-sublessee agrees to execute and deliver such an agreement at any time within ten (10) business days after request by the Master Sublessor. Sub-sublessee waives the provisions of any law now or later in effect that may provide Sub-sublessee any right to terminate this Sub-sublease or to surrender possession of the Sub-subleased Premises in the event any proceeding is brought by the Master Sublessor to terminate the Master Sublease. Sub-sublessor will use reasonable efforts to cause Master Lessor and/or Master Sublessor to fulfill their obligations under the Master Lease and Master Sublease, respectively, as they pertain to the Sub-subleased Premises.

1.2 Applicable Provisions. All of the terms and conditions contained in the Master Sublease as they may apply to the Sub-subleased Premises, except those directly contradicted by the terms and conditions contained in this document, and specifically except for Sections 1, 2, 3, 4, 5, 6.1, 6.2, 7, 9, 22, 23 and 25 of the Master Sublease are incorporated herein and shall be terms and conditions of this Sub-sublease (with each reference therein to "Sublessor" or "Sublessee", and "Sublease" to be deemed to refer to Sub-sublessor, Sub-sublessee, and Sub-sublease, respectively, as appropriate). With respect to the following provisions of the Master Lease that are incorporated herein, the reference to Lessor shall mean Master Lessor only 8.2(b), 8.3(a), 8.3(b), 9.2, 9.3, 9.5, 10.1 and 57, and the following additional sections of the Master Lease beyond those set forth or qualified in Paragraph 10 of the Master Sublease are not incorporated herein 1, 2.1, 2.2,.2.3, 2.5, 2.6 as to the number of parking spaces, 3, 7.3(a), (b), 10, 11, 15.1, 37, 50, 56, 58, 59, and along with all of the following terms and conditions set forth in this document, shall constitute the complete terms and conditions of this Sub-sublease. Sub-sublessee's share of Common Area expenses shall be 9.967% of expenses attributable to the entire Project, 15.446% of expenses attributable to the Building, and 31.40% of the expenses attributable to the common expenses of the Sublease Premises.

1.3 Sub-sublessor shall have no liability to Sub-sublessee or any other person for damage of any nature whatsoever as a result of the failure of Master Sublessor or Master Lessor to perform said obligations except for Master Sublessor's termination of the Sub-sublessor's interest as Sublessee under the Master Sublease in the event of Sub-sublessor's breach of the Master Sublease, and Sub-sublessee shall indemnify and hold Sub-sublessor harmless from any and all claims and liability whatsoever for any such damage including, without limitation, all costs and attorneys' fees incurred in defending against same.

ARTICLE 2

TERM

2.1 Term. The term of this Sub-sublease shall commence on the earlier of: (i) the date Sub-sublessor completes the demising wall and associated improvements as set forth on Exhibit C hereto; or (ii) the date Sub-sublessee commences to operate its business on the Sub-subleased Premises. This shall be referred to as the "Commencement Date." The term of this Sub-sublease shall end on August 14, 2002, unless sooner terminated pursuant to any provision of the Master Sublease or Master Lease applicable to the Sub-subleased Premises (the "Expiration Date"). Sublessor shall have no obligation to Sub-sublessee to exercise any of its options to extend under the Master Sublease or Master Lease.

2.2 Option to Extend. Sub-sublessee shall have no option to extend this Sub-sublease.

2.3 Sub-sublessor's Inability to Deliver Sub-subleased Premises. In the event Sub-sublessor is unable to deliver possession of the Sub-subleased Premises on or before the Commencement Date, Sub-sublessor shall not be liable for any damage caused thereby, nor shall his Sub-sublease be void or voidable, but Sub-sublessee shall not be liable for Rent until such time as Sub-sublessor offers to deliver possession of the Sub-subleased Premises to Sub-sublessee, but the term hereof shall not be extended by such delay. Notwithstanding the foregoing, if the Sub-subleased Premises are not delivered to Sub-sublessee in a broom-clean condition on or before August 15, 2000, Sub-sublessee, at its election and without waiving any other rights it may have, may terminate this Sub-sublease upon written notice to Sub-sublessor and Sub-sublessor shall return any payments made by Sub-sublessee to Sub-sublessor within the (10) days after such termination.

2.4 Early Access. Subject to Master Lessor's and Master Sublessor's approval, and after execution of the Sub-Sublease by both parties, Sub-sublessee may be permitted early access to the Sub-subleased Premises ("Early Access") prior to the Commencement Date for the purpose of Tenant Improvement construction (defined below). Such Early Access shall be subject to all of the provisions of this Sub-sublease, except that Sub-sublessee shall not be required to pay Rent.

ARTICLE 3

RENT

3.1 Rent. Sub-sublessee shall pay to Sub-sublessor each month during the term of this Sub-sublease, rent in the amount of:

Rental Period	Monthly Rent
Commencement Date through July 14, 2001	$64,386
July 15,2001 through July 14,2002	$66,899

First month's rent shall be paid on execution hereof and monthly rent is due and payable on or before the first of each month thereafter commencing on the first day of the first calendar month immediately after the Commencement Date. Rent for partial months at the commencement or termination of this Sub-sublease shall be prorated based on the number of days in such month. Rent shall be paid to the Sub-sublessor at its business address noted herein, or at any other place Sub-sublessor may from time to time designate by written notice mailed or delivered to Sub-sublessee.

3.2 Additional Rent.

(a) If Sub-sublessee shall procure any additional services from Master Sublessor or Master Lessor, Sub-sublessee shall make such payment to Sub-sublessor or Master Sublessor or Master Lessor, as Sub-sublessor shall direct. Also, Sub-sublessee shall pay its pro rata share, as defined in Paragraph 1.2 above, of any increases in Common Area expenses or common expenses over and above the base year of 2000 ("Base Year").

(b) After Hours Charges. Sub-sublessee shall pay to Sub-sublessor within fifteen (15) days of receipt of notice from Sub-sublessor for any charges for extraordinary electrical or HVAC use ("After Hours Use"). Such After Hours Use shall be charged at a rate that is reasonably determined by Sub-sublessor. For the purposes of this Section 3.2, normal business hours shall be deemed to be 8 a.m. through 6 p.m., Monday through Friday, and 9 a.m. through 1 p.m. on Saturday, excepting locally recognized holidays. All other use shall be "After Hours Use".

(c) Any rent or other sums payable by Sub-sublessee under this Article 3 shall constitute and be due as additional rent. Base Rent and additional rent shall herein be referred to as "Rent".

(d) Notwithstanding Section 10 of the Master Sublease, all rent or other sums payable to Sub-sublessor hereunder shall be paid to Sub-sublessor, unless otherwise directed by Sub-sublessor.

ARTICLE 4

SECURITY DEPOSIT

4.1 Security Deposit. Upon execution hereof, Sub-sublessee shall deposit with Sub-sublessor the sum of one hundred eighty-eight thousand four hundred forty-eight dollars and 00/100 ($188,448.00) as and for a Security Deposit to secure Sub-sublessee's full and timely performance of all of its obligations hereunder. If Sub-sublessee fails to pay Rent or any other sums as and when due hereunder, or otherwise defaults with respect to any provision of this Sub-sublease, Sub-sublessor may (but shall not be obligated to) use, apply, or retain all or any portion of said deposit for payment of any sum for which Sub-sublessee is obligated or which will compensate Sub-sublessor for any loss or damage which Sub-sublessor may suffer thereby. Any such use, application, or retention shall not constitute a waiver by Sub-sublessor of its right to enforce its other remedies hereunder, at law, or in equity. If any portion of said deposit is so used, applied, or retained, Sub-sublessee shall, within 10 days after delivery of written demand from Sub-sublessor, restore said deposit to its original amount. Sub-sublessee's failure to do so shall constitute a material breach of this Sub-sublease, and in such event Sub-sublessor may elect, among or in addition to other remedies, to terminate this Sub-sublease. Sub-sublessor shall not be a trustee of such deposit, and shall not be required to keep this deposit separate from its accounts. Sub-sublessor alone shall be entitled to any interest or earnings thereon and Sub-sublessor shall have the free use of same. If Sub-sublessee fully and faithfully performs all of its obligations hereunder, then so much of the deposit as remains shall be returned to Sub-sublessee (without payment of interest or earnings thereon) within 30 days after the later of (i) expiration

or sooner termination of the term hereof, or (ii) Sub-sublessee's surrender of possession of the Sub-subleased Premises to Sub-sublessor.

4.2 Letter of Credit. Within three (3) days of receipt of a facsimile copy of an executed Master Lessor and Master Sublessor consent to this Sub-sublease, Sub-sublessee shall provide to Sub-sublessor an unconditional, irrevocable standby Letter of Credit in the amount of one hundred eighty-eight thousand four hundred forty-eight dollars and 00/100 ($188,448.00) in favor of Sub-sublessor and issued by a bank located in the Bay Area and reasonably acceptable to Sub-sublessor and for the term of one year and automatically renewed each year for the term of the Sub-sublease ("Letter of Credit"). The Letter of Credit shall secure all Sub-sublessee's performance of the terms and conditions of the Sub-sublease and is an additional security deposit subject to Paragraph 4.1 above. The Letter of Credit will automatically renew each year during the Sub-sublease term unless the beneficiary under the Letter of Credit is given at least thirty (30) days prior notice of a non-renewal by the issuing bank, and Sub-sublessor shall be able to draw on the Letter of Credit in the event of such notice.

ARTICLE 5

CONDITION OF PREMISES

5.1 Condition of the Sub-subleased Premises. Sub-sublessee acknowledges that Sections 2.2 and 2.3 of the Master Lease are not incorporated herein and that as of the Commencement Date, the Sub-subleased Premises, and every part thereof, are in good condition and without need of repair, and Sub-sublessee accepts the Sub-subleased Premises "as is", Sub-sublessee having made all investigations and tests it has deemed necessary or desirable in order to establish to its own complete satisfaction the condition of the Sub-subleased Premises. Sub-sublessee accepts the Sub-subleased Premises in their condition existing as of the Commencement Date, subject to all applicable zoning, municipal, county and state laws, ordinances, and regulations governing and regulating the use of the Sub-subleased Premises and any covenants or restrictions of record. Sub-sublessee acknowledges that neither Sub-sublessor, Master Sublessor nor Master Lessor have made any representation or warranties as to the condition of the Sub-subleased Premises or its present or future suitability for Sub-sublessee's purposes.

5.2 Sub-sublessor Representation of Condition. Sub-sublessor warrants that at the Commencement Date the existing equipment and building systems, including, without limitation, the plumbing, electrical, and HVAC system shall be in good working order, that the carpets in the Sub-Subleased Premises have been steam cleaned, and that there are no damaged ceiling tiles. If a non-compliance with said warranty exists at the time of the Commencement Date, Sub-sublessor shall, except as otherwise provided in this Sublease, promptly, after receipt of written notice from Sub-sublessee setting forth with specificity the nature and extent of such non-compliance, rectify same at Sub-sublessor's expense. If Sub-sublessee does not give Sub-sublessor written notice of a non-compliance with this warranty within thirty (30) days after the later of the Commencement Date or the date Sub-sublessor delivers possession to Sub-sublessee of the entire Sub-subleased Premises, correction of such non-compliance shall be the obligation of Sub-sublessee at Sub-sublessee's sole cost and expenses. Notwithstanding anything to the contrary in this paragraph or elsewhere in this Sub-sublease, Sub-sublessee shall have no

obligation to perform any alteration, modification or improvement to the Sub-subleased Premises which is required by law and is of a structural or capital nature unless such alteration, modification or improvement is required due to either Sub-sublessee's: (i) particular use; or (ii) alterations to the Sub-subleased Premises by Sub-sublessee.

5.3 Surrender. Sub-sublessee shall keep the Sub-subleased Premises, and every part thereof in good order and repair. In addition to Sub-sublessee's requirements under the Master Sublease and Master Lease, Sub-sublessee shall surrender to Sub-subleased Premises in the same condition as received, ordinary wear and tear and damage due to casualty excepted.

ARTICLE 6

INSURANCE

6.1 Sub-sublessee's Insurance. With respect to the Lessee's insurance under the Master Lease, the same is to be provided by Sub-sublessee as described in the Master Lease, and such policies of insurance shall include as named insureds Master Sublessor, Master Lessor, Sub-sublessor and any lender as required by Master Lessor.

6.2 Waiver of Subrogation. With respect to the waiver of subrogation contained in Section 8.6 the Master Lease, such waiver shall be deemed to be modified to constitute an agreement by and among Master Sublessor, Master Lessor, Sub-sublessor and Sub-sublessee (and Master Sublessor's and Master Lessor's consent to this Sub-sublease shall be deemed to constitute their approval of this modification).

6.3 Indemnity. With respect to the indemnity contained in Section 8.7 of the Master Lease, Sub-sublessee shall indemnify Sub-sublessor, Master Sublessor and Master Lessor.

6.4 Exemption of Sub-Sublessor's Liability. With respect to the exemption from liability contained in Section 8.8 of the Master Lease, such exception from liability shall apply to Sub-Sublessor as to Sub-Sublessee.

ARTICLE 7

USE OF PREMISES; PARKING; IMPROVEMENTS

7.1 Use of Premises. Sub-sublessee shall use the Sub-subleased Premises only for general office, administrative, light assembly, research and development, engineering, warehouse and other legal related uses.

7.2 Alterations; Improvements.

(a) Except as set forth herein, Sub-sublessee shall not make any alterations, improvements, or modifications to the Sub-subleased Premises without the express prior written consent of Sub-sublessor, Master Sublessor and of Master Lessor, which consent by Sub-sublessor shall be given in its reasonable discretion. Sub-sublessor understands that Sub-sublessee intends to request consent to the addition of offices and a conference room to the Sub-subleased Premises and Sub-sublessor will reasonably consent to such request.

(b) Sub-sublessor, at Sub-sublessor's sole cost, shall make the following improvements to the Sub-subleased Premises, subject to Master Sublessor's and Master Lessor's approval; (i) construct a demising wall pursuant to the site plan, which is attached hereto as Exhibit "C", and incorporated by reference herein; (ii) remove the wood fence on the Sub-subleased Premises; (iii) landscape where the wood fence previously stood; and (iv) remove the back wall of the lobby in the Sub-subleased Premises to create an exit. Sub-sublessor warrants that the improvements constructed by Sub-sublessor pursuant to this Paragraph 7.2(b) shall be done in a first class workman-like manner with good materials and in accordance with the site plan or other plans and specifications, if applicable, and be in compliance with all applicable rules, regulations, ordinances, statutes, and laws.

(c) On termination of this Sub-sublease, Sub-sublessee shall remove any or all improvements constructed by Sub-sublessee and to restore the Sub-subleased Premises (or any part thereof) to the same condition as of the Commencement Date of this Sub-sublease, reasonable wear and tear excepted or as otherwise instructed in writing by either Sub-sublessor or Master Lessor. Should Sub-sublessee fail to remove such improvements and restore the Sub-subleased Premises on termination of this Sub-sublease unless instructed otherwise in writing as set forth above, Sub-sublessor shall have the right to do so, and charge Sub-sublessee therefore, plus an administrative charge of ten percent (10%).

7.3 Parking. So long as Sub-sublessee is not in default and subject to the rules and regulations imposed from time to time by Master Lessor or Sub-sublessor, Sub-sublessee shall have the right to the non-exclusive use of sixty-three (63) parking spaces in the common parking area, at no additional cost.

7.4 Roof Rights. Sub-sublessee shall have a non-exclusive right at no additional rent, to utilize roof space and Building conduits to maintain satellite dishes or antenna devise on the roof, at Sub-sublessee's expense, so long as such dishes and devise do not interfere with Sub-sublessor's equipment.

ARTICLE 8

ASSIGNMENT, SUBLETTING & ENCUMBRANCE

8.1 Consent Required. Sub-sublessee shall not assign this Lease or any interest therein nor shall Sub-sublessee sublet, license, encumber or permit the Sub-subleased Premises or any part thereof to be used or occupied by others, without Sub-sublessor's, Master Sublessor's and Master Lessor's prior written consent which as to Sub-sublessor shall not be unreasonably withheld. The consent by Sub-sublessor, Master Sublessor and Master Lessor to any assignment or subletting shall not waive the need for Sub-sublessee (and Sub-sublessee's assignee or subtenant) to obtain the consent of Sub-sublessor, Master Sublessor and Master Lessor to any different or further assignment or subletting. All the terms and conditions in the Master Lease and Master Sublease regarding assignments and subletting shall apply, and to the extent there is any Bonus Rents, (Rent paid by such Assignee or SubSub-sublessee in excess of Rent paid by Sub-sublessee hereunder) the Bonus Rent shall first be split per the Master Lease and Master Sublease and any Bonus Rent to go to Sub-sublessee shall be split 50/50 with Sub-sublessor to be paid to Sub-sublessor within five (5) days of receipt by Sub-sublessee.

8.2 Form of Document. Every assignment, agreement, or Sub Sub-sublease shall (i) recite that it is and shall be subject and subordinate to the provisions of this Sub-sublease, that the assignee or subtenant assumes Sub-sublessee's obligation hereunder, that the termination of this Sub-sublease shall at Sub-sublessor's sole election, constitute a termination of every such assignment or subsub-sublease.

8.3 No Release of Sub-sublessee. Regardless of Sub-sublessor's consent, no subletting or assignment shall release Sub-sublessee of Sub-sublessee's obligation or alter the primary liability of Sub-sublessee to pay the Rent and to perform all other obligations to be performed by Sub-sublessee hereunder. The acceptance of Rent by Sub-sublessor from any other person shall not be deemed to be a waiver by Sub-sublessor of any provision hereof. In the event of default by any assignee, subtenant or any other successor of Sub-sublessee, in the performance of any of the terms hereof, Sub-sublessor may proceed directly against Sub-sublessee without the necessity of exhausting remedies against such assignee, subtenant or successor.

8.4 Default. An involuntary assignment shall constitute a default and Sub-sublessor shall have the right to elect to terminate this Sub-sublease, in which case this Sub-sublease shall not be treated as an asset of Sub-sublessee.

8.5 Recapture. Notwithstanding the foregoing, in the event Sub-sublessee requests Sub-sublessor's consent to sublet or assign all or portion of this Sub-sublease, Sub-sublessor may in its sole discretion, elect to terminate this Sub-sublease within fifteen (15) days after receipt of Sub-sublessee's request by written notification to Sub-sublessee of such election, in which case the Sub-sublease shall terminate effective thirty (30) days following such election.

8.6 Permitted Transfers. Notwithstanding anything to the contrary in this Sub-sublease, for the purposes of this Article 8, as to Sub-Sublessor's consent only, the terms "assignment" and "subletting" shall not be deemed to include (i) the trading of Sub-sublessee's stock on a nationally recognized exchange or pursuant to an initial public offering or (ii) any assignment or other transfer to an entity which controls, is controlled by or is under common control with Sub-sublessee of any successor to Sub-sublessee or which succeeds to substantially all of Sub-sublessee's assets and business by merger, consolidation, reorganization or purchase (hereinafter collectively referred to as "Corporate Transfers"). In addition, Sub-sublessor's right to terminate this Sub-sublease pursuant to Paragraph 8.5 shall not be exercisable with respect to Corporate Transfers. Sub-sublessee shall give Sub-sublessor written notice at least ten (10) days prior to the effective date of such Corporate Transfer and to the extent consent is required under the Sublease or Master Lease of Master Sublessor or Master Lessor, any Corporate Transfers will be subject to such consents. As used herein, the terms "controlled" or "controls" or "control" shall mean ownership of at least fifty-one percent (51%) of voting control of the relevant entity.

ARTICLE 9

DEFAULT

9.1 Default Described. The occurrence of any of the following shall constitute a material breach of this Sub-sublease and a default by Sub-sublessee: (i) failure to pay Rent or any other amount within three (3) business days after due; (ii) all those items of default set forth in the Master Lease and Master Sublease which remain uncured after the cure period provided in the Master Lease and Master Sublease; or (iii) Sub-sublessee's failure to perform timely and subject to any cure periods any other material provision of this Sub-sublease or the Master Sublease or the Master Lease as incorporated herein.

9.2 Sub-sublessor's Remedies. Sub-sublessor shall have the remedies set forth in the Master Lease as if Sub-sublessor is Master Lessor and in the Master Sublease as if Sub-sublessor is the Sublessor. These remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law.

9.3 All Sums Due and Payable as Rent. Sub-sublessee shall also pay without notice, or where notice is required under this Sub-sublease, immediately upon demand without any abatement, deduction, or setoff, as additional rent all sums, impositions, costs, expenses, and other payments which Sub-sublessee in any of the provisions of this Sub-sublease assumes or agrees to pay, and, in case of any nonpayment thereof, Sub-sublessor shall have, in addition to all other rights and remedies, all the rights and remedies provided for in this Sub-sublease or by 1aw in the case of nonpayment of rent.

9.4 Sub-sublessor Default. For purposes of this Sub-sublease, Sub-sublessor shall not be deemed in default hereunder unless and until Sub-sublessee shall first deliver to Sub-sublessor thirty (30) days' prior written notice, and Sub-sublessor shall fail to cure said default within said thirty (30) day period, or in the event Sub-sublessor shall reasonably require in excess of thirty (30) days to cure said default, shall fail to commence said cure with said thirty (30) day period, and thereafter diligently to prosecute the same to completion.

9.5 Notice of Event of Default under Master Sublease. Sub-sublessor shall notify Sub-sublessee of any Event of Default under the Master Sublease, or of any other event of which Sub-sublessor has actual knowledge which will impair Sub-sublessee's ability to conduct its normal business at the Sub-subleased Premises, as soon as reasonably practicable following Sub-sublessor's receipt of notice from Master Sublessor or Master Lessor of an Event of Default or Sub-sublessor's actual knowledge of such impairment.

ARTICLE 10

CONSENT OF MASTER SUBLESSOR AND MASTER LESSOR

10.1 Precondition. The Master Lease and Master Sublease requires that Sub-sublessor obtain the consent of Master Lessor and Master Sublessor to any subletting by Sub-sublessor. This Sub-sublease shall not be effective unless and until Master Lessor and Master Sublessor sign a consent to this subletting satisfactory to Sub-sublessor and Sub-sublessee. Sub-sublessor

shall use its commercially reasonable efforts to obtain Master Lessor's and Master Sublessor's consent to this Sub-sublease.

ARTICLE 11

MISCELLANEOUS

11.1 Conflict with Master Sublease and Master Lease: Interpretation. In the event of any conflict between the provisions of the Master Sublease and Master Lease and this Sub-sublease, the Master Sublease and Master Lease shall govern and control except to the extent directly contradicted by the terms of this Sub-sublease. No presumption shall apply in the interpretation or construction of this Sub-sublease as a result of Sub-sublessor having drafted the whole or any part hereof.

11.2 Remedies Cumulative. The rights, privileges, elections, and remedies of Sub-sublessor in this Sub-sublease, at law, and in equity are cumulative and not alternative.

11.3 Waiver of Redemption. Sub-sublessee hereby expressly waives any and all rights of redemption to which it may be entitled by or under any present or future law in the event Sub-sublessor shall obtain a judgment for possession of the Premises.

11.4 Holding Over. Sub-sublessee shall have no right to Holdover. If Sub-sublessee does not surrender and vacate the Sub-subleased Premises at Expiration Date of this Sublease, Sub-sublessee shall be a tenant at sufferance and the parties having agreed that the Rent shall be at a daily rate of two hundred percent (200%) of the monthly Base Rent set forth in Article 3, divided by thirty (30). In connection with the foregoing, Sub-sublessor and Sub-sublessee agree that the reasonable rental value of the Sub-subleased premises following the Expiration Date of the Sublease shall be the amounts set forth above per month. Sub-sublessor and Sub-sublessee acknowledge and agree that, under the circumstances existing as of the Effective Date, it is impracticable and/or extremely difficult to ascertain the reasonable rental value of the Sub-subleased Premises on the Expiration Date and that the reasonable rental value established herein is a reasonable estimate of the damage that Sub-sublessor would suffer as the result of the failure of Sub-sublessee to timely surrender possession of the Sub-subleased Premises. The parties acknowledge that the liquidated damages established herein is not intended as a forfeiture or penalty within the meaning of California Civil Code sections 3275 or 3369, but is intended to constitute liquidated damages to Sub-sublessor pursuant to California Civil Code sections 1671, 1676, and 1677. Notwithstanding the foregoing, and in addition to all other rights and remedies on the part of Sub-sublessor if Sub-sublessee fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Sub-sublessor accruing therefrom, Sub-sublessee shall indemnify, defend and hold Sub-sublessor harmless from all claims resulting from such failure, including, without limitation, any claims by any third parties based on such failure to surrender and any lost profits to Sub-sublessor resulting therefrom.

11.5 Signage. Sub-sublessee shall not place any signs on or about the Sub-Sub-subleased Premises without Sub-sublessor's, Master Sublessor's and Master Lessor's prior written consent. All signs shall be at Sub-sublessee's sole cost and shall comply with all rules, regulations, ordinances, covenants, conditions, statutes and other laws whether federal, state,

local, quasi-governmental or otherwise affecting the Sub-subleased Premises, at all times during the term hereof. Sub-sublessee acknowledges and agrees that its request for consent to signage shall be limited to signage at the Sub-subleased Premises.

11.6 Sub-Sublessee's Access. With respect to the access contained in Section 32 of the Master Lease, such access to the Sub-Sublessee Premises shall apply to Sub-Sublessor. Notwithstanding the foregoing, any entry by Sub-sublessor or any of its agents or representatives shall be subject to Sub-sublessee's security requirements (which the parties acknowledge will be extensive, due to the extremely sensitive and confidential nature of Sub-sublessee's business), including but not limited to, the requirement that a representative of Sub-sublessee accompany such party when in certain parts of the Sub-subleased Premises. Sub-sublessor will use its reasonable efforts to get Master Sublessor and Master Lessor to comply with such security requirements.

11.7 Notice Periods. Any notice or cure periods set forth in the Master Lease shall be reduced by one-half.

11.8 Trash Removal Janitorial and Telephone Service. Sub-sublessee, at Sub-sublessee's sole cost and expense, shall be responsible for its own trash removal, and janitorial and telephone services to the Sub-subleased Premises.

ARTICLE 12

BROKER'S COMMISSIONS

12.1 Commission. Sub-sublessor and Sub-sublessee represent and warrant to each other that each has dealt with the following brokers: B.T. Commercial (Sub-sublessor's Broker) and CPS (Sub-sublessee's Broker) and with no other agent, finder, or other such person with respect to this Sub-sublease and each agrees to indemnify and hold the other harmless from any claim asserted against the other by any broker, agent, finder, or other such person not identified above as Sub-sublessor's Broker or Sub-sublessee's Broker. The Commission to the Brokers is pursuant to separate agreement.

ARTICLE 13

HAZARDOUS MATERIALS

13.1 Hazardous Materials. Notwithstanding anything contained herein or in the Master Lease to the contrary, Sub-Sublessee shall not store, use, or dispose of any Hazardous Material (as such is defined in the Master Lease) on, under, or about the Sub-Subleased Premises.

13.2 Indemnity. Sub-Sublessee shall be solely responsible for and shall defend, indemnify and hold Sub-Sublessor and its partners, employees and agents harmless from and against all claims, penalties, expenses and liabilities, including attorneys' and consultants' fees and costs, to the extent arising out of or caused in whole or in part, directly or indirectly, by or in connection with its storage, use, disposal or discharge of Hazardous Materials whether in violation of this section or not, or Sub-Sublessee's failure to comply with any Hazardous Materials law. Sub-Sub lessee shall further be solely responsible for and shall defend, indemnify

and hold Sub-Sublessor harmless from and against any and all claims, costs and liabilities, including attorneys' and consultants' fees and costs, arising out of or in connection with the removal, cleanup, detoxification, decontamination and restoration work and materials necessary to return the Premises or the Sub-Subleased Premises to their condition existing prior to Sub-Sublessee's storage, use or disposal of the Hazardous Materials on the Premises or the Sub-Subleased Premises. For the purposes of the indemnity provisions hereof, any acts or omissions of Sub-Sublessee or by employees, agents, assignees, contractors or subcontractors of Sub-sublessee (whether or not they are negligent, intentional or unlawful) shall be strictly attributable to Sub-Sublessee. Sub-Sublessee's obligations under this section shall survive the termination of this Sub-Sublease.

13.3 Indemnity. Sub-sublessor represents and warrants to Sub-sublessee that to the best of Sub-sublessor's knowledge, without independent investigation or inquiry, as of the Commencement Date, no Hazardous Materials are present or have been released on or under the Sub-subleased Premises. Sub-sublessor shall indemnify, defend, and hold harmless Sub-sublessee harmless from any damage suffered by Sub-sublessee arising out of any release or use of any Hazardous Materials in, on or under the Sub-subleased Premises or the Building by Sub-sublessor.

ARTICLE 14

NOTICES AND PAYMENTS

14.1 Certified Mail. Any notice, demand, request, consent, approval, submittal or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class certified mail or commercial overnight delivery service. Such notice shall be effective on the date of actual receipt (in the case of personal service or commercial overnight delivery service) or two days after deposit in the United States mail, to the following addresses:

Sub-sublessor at:

GWcom, Inc.
3141 Coronado Drive
Santa Clara, CA 95054
(408) 567-1888

Sub-sublessee: At the Sub-subleased Premises, whether or not Sub-sublessee has abandoned or vacated the Premises or notified the Sub-sublessor of any other address, with a copy to:

_____
_____
_____

ARTICLE 15

ATTORNEYS' FEES

15.1 Sub-sublessor Made Party to Litigation. If Sub-sublessor becomes a party to any litigation brought by someone other than Sub-sublessee and concerning this Sub-sublease, the Sub-subleased Premises, or Sub-sublessee's use and occupancy of the Sub-subleased Premises to the extent, based upon any real or alleged act or omission of Sub-sublessee or its authorized representatives, Sub-sublessee shall be liable to Sub-sublessor for reasonable attorneys' fees and court costs incurred by Sub-sublessor in the litigation.

15.2 Certain Litigation Between the Parties. In the event any action or proceeding at law or in equity or any arbitration proceeding be instituted by either party, for an alleged breach of any obligation of Sub-sublessee or Sub-sublessor under this Sub-sublease, to recover rent, to terminate the tenancy of Sub-sublessee at the Sub-subleased Premises, or to enforce, protect, or establish any right or remedy of a party to this Sub-sublease Agreement, the prevailing party (by judgment or settlement) in such action proceeding shall be entitled to recover as part of such action or proceeding such reasonable attorneys' fees, expert witness fees, and court costs as may be fixed by the court or jury, but this provision shall not apply to any cross-complaint filed by anyone other than Sub-sublessor in such action or proceeding.

ARTICLE 16

EXHIBITS

16.1 Exhibits and Attachments. All exhibits and attachments to this Sub-sublease are a part hereof.

ARTICLE 17

COUNTERPARTS

17.1 Counterparts. This agreement may be executed in counterparts, each of which shall be deemed to be an original, but such counterparts; when taken together, shall constitute but one agreement. In addition, an executed copy hereof received by facsimile transmission shall be effective as an original for all purposes.

IN WITNESS WHEREOF, Sub-sublessor and Sub-sublessee have executed and delivered this Sub-sublease on the date first set forth above.

SUB-SUBLESSOR	SUB-SUBLESSEE
GW COM, INC. a Delaware corporation	ALIGN TECHNOLOGY, INC., a Delaware corporation
	/s/ ZIA CHISHTI
- ----------	----------
By: ----------	By: Zia Chishti ----------
Its: ----------	Its: CEO ----------
	By: ----------
	Its: ----------

Exhibit 10.9

LOAN AND SECURITY AGREEMENT

THIS AGREEMENT (the "Agreement"), dated as of April 12, 1999 is entered into by and between Align Technology Inc., a Delaware corporation having a principal place of business at 442 Potrero Ave., Sunnyvale, CA 94086 (the "Borrower") and Comdisco, Inc., a Delaware corporation having a principal place of business at 6111 North River Road, Rosemont, Illinois 60018 (the "Lender"). In consideration of the mutual agreements contained herein, the parties hereto agree as follows:

WHEREAS, Borrower desires to borrow from the Lender hereunder the amount of FIVE MILLION and 00/100 DOLLARS ($5,000,000.00) in minimum installments of ONE MILLION and 00/100 DOLLARS ($1,000,000.00) each (as the same may from time to time be amended, modified, supplemented or revised, the "Loan"), which would be evidenced by Secured Promissory Notes(s) executed by Borrower substantially in the form of Exhibit A hereto (as the same may from time to time be amended, modified, supplemented or restated the "Note(s)").

NOW, THEREFORE, it is agreed:

SECTION 1. DEFINITIONS

Unless otherwise defined herein, the following capitalized terms shall have the following meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

1.1 "Account" means any "account," as such term is defined in Section 9106 of the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and, in any event, shall include, without limitation, all accounts receivable, book debts and other forms of obligations (other than forms of obligations evidenced by Chattel Paper, Documents or Instruments) now owned or hereafter received or acquired by or belonging or owing to Borrower (including, without limitation, under any trade name, style or division thereof) whether arising out of goods sold or services rendered by Borrower or from any other transaction, whether or not the same involves the sale of goods or services by Borrower (including, without limitation, any such obligation which may be characterized as an account or contract right under the UCC) and all of Borrower's rights in, to and under all purchase orders or receipts now owned or hereafter acquired by it for goods or services, and all of Borrower's rights to any goods represented by any of the foregoing (including, without limitation, unpaid seller's rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods), and all monies due or to become due to Borrower under all purchase orders and contracts for the sale of goods or the performance of services or both by Borrower (whether or not yet earned by performance on the part of Borrower or in connection with any other transaction), now in existence or hereafter occurring, including, without limitation, the right to receive the proceeds of said purchase orders and contracts, and all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing.

1.2 "Account Debtor" means any "account debtor," as such term is defined in Section 9105(1)(a) of the UCC.

1.3 "Advance" means each installment made by the Lender to Borrower pursuant to the Loan to be evidenced by the Note(s) secured by the Collateral.

1.4 "Advance Date" means the funding date of any Advance of the Loan.

1.5. "Advance Request" means the request by Borrower for an Advance under the Loan, each to be substantially in the form of Exhibit B attached hereto, as submitted by Borrower to Lender from time to time.

1.6 "Chattel Paper" means any "chattel paper," as such term is defined in Section 9105(l)(b) of the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

1.7 "Closing Date" means the date of this Agreement.

1.8 "Collateral" shall have the meaning assigned to such term in Section 3 of this Agreement.

1.9 "Commitment Amount" means Five Million Dollars ($5,000,000).

1.10 "Contracts" means all contracts, undertakings, franchise agreements or other agreements (other than rights evidenced by Chattel Paper, Documents or Instruments) in or under which Borrower may now or hereafter have any right, title or interest, including, without limitation, with respect to an Account, any agreement relating to the terms of payment or the terms of performance thereof.

1.11 "Copyrights" means all of the following now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest: (i) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or of any other country; (ii) registrations, applications and recordings in the United States Copyright Office or in any similar office or agency of the United States, any state thereof or any other country; (iii) any continuations, renewals or extensions thereof; and (iv) any registrations to be issued in any pending applications.

1.12 "Copyright License" means any written agreement granting any right to use any Copyright or Copyright registration now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

1.13 "Documents" means any "documents," as such term is defined in Section 9105(l)(f) of the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

1.14 "Equipment" means any "equipment," as such term is defined in Section 9109(2) of the UCC, now or hereafter owned or acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

1.15 "Facility Fee" means one percent (1.0%) of the principal amount of the Loan, along with the due diligence, transaction, and legal expense fee in the amount of $7,500.00, due at the Closing Date, less commitment fee in the amount of $20,000.00 paid with check no. 7516.

1.16 "Fixtures" means any "fixtures", as such term is defined in Section 9313(1)(a) of the UCC, now or hereafter owned or acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and, now or hereafter attached or affixed to or constituting a part of, or located in or upon, real property wherever located, together with all right, title and interest of Borrower in and to all extensions, improvements, betterments, renewals, substitutes, and replacements of, and all additions and appurtenances to any of the foregoing property, and all conversions of the security constituted thereby, immediately upon any acquisition or release thereof or any such conversion, as the case may be.

1.17 "General Intangibles" means any "general intangibles," as such term is defined in Section 9106 of the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and, in any event, shall include, without limitation, all right, title and interest which Borrower may now or hereafter have in or under any contract, all customer lists, Copyrights, Trademarks, Patents, rights to Intellectual Property, interests in partnerships, joint ventures and other business associations, Licenses, permits, trade secrets, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, recipes, experience, processes, models, drawings, materials and records, goodwill (including, without limitation, the goodwill associated with any Trademark, Trademark registration or Trademark licensed under any Trademark License), claims in or under insurance policies, including unearned premiums, uncertificated securities, cash and other forms of money or currency, deposit accounts (including as defined in Section 9105(e) of the UCC), rights to sue for past, present and future infringement of Copyrights, Trademarks and Patents, rights to receive tax refunds and other payments and rights of indemnification.

1.18 "Instruments" means any "instrument," as such term is defined in Section 9105(1)(i) of the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

1.19 "Intellectual Property" means all Copyrights, Trademarks, Patents, rights to Intellectual Property, Licenses, trade secrets, source codes, customer lists, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, skill, expertise, experience, processes, models, drawings, materials and records.

1.20 "Inventory" means any "inventory," as such term is defined in Section 9109(4) of the UCC, wherever located, now or hereafter owned or acquired by Borrower or in which Borrower now holds or hereafter acquires any interest, and, in any event, shall include, without limitation, all inventory, goods and other personal property which are held by or on behalf of Borrower for sale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in Borrower's business, or the processing, packaging, promotion, delivery or shipping of the same, and all furnished goods whether or not such inventory is listed on any schedules, assignments or reports furnished to Lender from time to time and whether or not the

same is in transit or in the constructive, actual or exclusive occupancy or possession of Borrower or is held by Borrower or by others for Borrower's account, including, without limitation, all goods covered by purchase orders and contracts with suppliers and all goods billed and held by suppliers and all inventory which may be located on premises of Borrower or of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or other persons.

1.21 "License" means any Copyright License, Patent License, Trademark License or other license of rights or interests now held or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and any renewals or extensions thereof.

1.22 "Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and the filing of any financing statement (other than a precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the UCC or comparable law of any jurisdiction.

1.23 "Material Adverse Effect" means a material adverse effect upon: (i) the business, operations, properties, assets or financial conditions of Borrower; or (ii) the ability of Borrower to perform, or of Lender to enforce, the Secured Obligations.

1.24 "Maturity Date" means the date thirty six (36) months from the Advance Date of each installment of the Loan.

1.25 "Patent License" means any written agreement granting any right with respect to any invention on which a Patent is in existence now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

1.26 "Patents" means all of the following now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest: (a) letters patent of, or rights corresponding thereto in, the United States or any other county, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto in the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; (b) all reissues, continuations, continuations-in-part or extensions thereof; (c) all petty patents, divisionals, and patents of addition; and (d) all patents to issue in any such applications.

1.27 "Permitted Liens" means:

(i) liens in favor of Lender;

(ii) liens securing the payment of taxes or other governmental charges not yet delinquent or being contested in good faith by appropriate proceeding, for which adequate reserves are maintained in accordance with generally accepted accounting principles;

(iii) liens securing claims or demands of materialism, mechanics, carriers, warehousemen, landlords and other like persons imposed without action of such parties, provided that the payment thereof is not yet required;

(iv) liens incurred or deposits made in the ordinary course of Borrower's or a subsidiary's business in connection with workers compensation, unemployment insurance, social security and other like laws;

(v) purchase money security interests in personal property acquired after the date of this Agreement, provided such are limited to the personal property so acquired and proceeds, thereof;

(vi) any liens existing as of the date hereof and specifically disclosed by Borrower to Lender herein;

(vii) leases, subleases, licenses and sublicenses granted to others in the ordinary course of business not interfering in any material respect with the conduct of the business of any Borrower;

(viii) liens arising from judgments, decrees or attachments to the extent and only so long as such judgment, decree or attachment as not caused or resulted in a Event of Default;

(ix) liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(x) liens which constitute rights of set-off of a customary nature or bankers' liens with respect to amounts on deposit, whether arising by operation of law or by contract, in connection with arrangements entered into with banks in the ordinary course of business;

(xi) liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by liens of the type described in clause (vii) above, provided that any extensions, renewal or replacement lien shall be limited to the property encumbered by the existing lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

1.28 "Proceeds" means "proceeds," as such term is defined in Section 9306(l) of the UCC and, in any event, shall include, without limitation, (a) any and all Accounts, Chattel Paper, Instruments, cash or other forms of money or currency or other proceeds payable to Borrower from time to time in respect of the Collateral, (b) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Borrower from time to time with respect to any of the Collateral, (c) any and all payments (in any form whatsoever) made or due and payable to Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any Person acting under color of governmental authority), (d) any claim of Borrower against third parties (i) for past, present or future infringement of any Copyright, Patent or Patent License or (ii) for past, present or future infringement or dilution of any Trademark or Trademark License or for injury to the goodwill associated with any Trademark,

Trademark registration or Trademark licensed under any Trademark License and (e) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

1.29 "Receivables" shall mean and include all of the Borrowers accounts, instruments, documents, chattel paper and general intangibles whether secured or unsecured, whether now existing or hereafter created or arising, and whether or not specifically sold or assigned to Lender hereunder.

1.30 "Secured Obligations" shall mean and include all principal, interest, fees, costs, or other liabilities or obligations for monetary amounts owed by Borrower to Lender, whether due or to become due, matured or unmatured, liquidated or unliquidated, contingent or non-contingent, and all covenants and duties regarding such amounts, of any kind of nature, present or future, arising under this Agreement, the Note(s), or any of the other Loan Documents, whether or not evidenced by any Note(s), Agreement or other instrument, as the same may from time to time be amended, modified, supplemented or restated.

1.31 "Trademark License" means any written agreement granting any right to use any Trademark or Trademark registration now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

1.32 "Trademarks" means any of the following now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest: (a) any and all trademarks, tradenames, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof and (b) any reissues, extensions or renewals thereof.

1.33 "UCC" shall mean the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Illinois. Unless otherwise defined herein, terms that are defined in the UCC and used herein shall have the meanings given to them in the UCC.

1.34 "Warrant Agreement(s)" shall mean those agreements entered into in connection with the Loan, substantially in the form attached hereto as Exhibit C pursuant to which Borrower granted Lender the right to purchase 266,667 shares of Series B Preferred Stock of Borrower at an Exercise Price of $3.00 per share as more particularly set forth therein.

SECTION 2. THE LOAN

2.1 Subject to the terms and conditions set forth herein, Lender shall make Loans to Borrower in an aggregate amount not to exceed the Commitment Amount. Each Advance, together with interest at the rate of twelve percent (12%) per annum, shall be payable in 36 monthly installments as set forth in the Note(s).

2.2 Upon the occurrence of and during an Event of Default (as defined herein), interest shall thereafter be calculated at a rate of five percent (5%) in excess of the rate that would otherwise be applicable ("Default Rate"). All such interest shall be due and payable in arrears, on the first day of the following month.

2.3 Notwithstanding any provision in this Agreement, the Note(s), or any other "Loan Document" (as defined herein), it is not the parties' intent to contract for, charge or receive interest at a rate that is greater than the maximum rate permissible by law which a court of competent jurisdiction shall deem applicable hereto (which under the laws of the State of Illinois shall be deemed to be the laws relating to permissible rates of interest on commercial loans) (the "Maximum Rate"). If the Borrower actually pays Lender an amount of interest, chargeable on the total aggregate principal Secured Obligations of Borrower under this Agreement and the Note(s) (as said rate is calculated over a period of time that is the longer of (i) the time from the date of this Agreement through the maturity time as set forth on the Note(s), or (ii) the entire period of time that any principal is outstanding on the Note(s)), which amount of interest exceeds interest calculated at the Maximum Rate on said principal chargeable over said period of time, then such excess interest actually paid by Borrower shall be applied first, to the payment of principal
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outstanding on the Note(s); second, after all principal is repaid, to the
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payment of Lender's out of pocket costs, expenses, and professional fees which are owed by Borrower to Lender under this Agreement or the Loan Documents; and third, after all principal, costs, expenses, and professional fees owed by
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Borrower to Lender are repaid, the excess (if any) shall be refunded to Borrower.

2.4 In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the rate set forth in Section 2.1.

2.5 Upon and during the continuation of an Event of Default hereunder (as defined herein), all Secured Obligations, including principal, interest, compounded interest, and reasonable professional fees, shall bear interest at a rate per annum equal to the Default Rate.

2.6 Borrower shall have the option to prepay the Loan, in whole or in part, without penalty or premium, after 12 months from the Closing Date by paying the principal amount thereon together with all accrued and unpaid interest with respect to such principal amount, as of the date of such prepayment, without premium. In the event Borrower prepays the Note(s) within 12 months from the Closing Date hereof, Borrower shall pay the principal amount together with all accrued and unpaid interest and a prepayment premium equal to 1% of the then outstanding principal amount ("the Prepayment Penalty"), provided, however, in the event of an initial public offering of Borrower's
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stock, the Prepayment Penalty shall not apply.

2.7 If the Borrower has not repaid the outstanding principal amount under the Loan in its entirety by the Maturity Date (as defined in the applicable Note(s)), then for each additional month, or portion thereof, thereafter that the outstanding principal is not paid, Lender shall have the right to purchase from the Borrower, at the Exercise Price (adjusted, as set forth and defined in the Warrant Agreement), an additional number of shares of Preferred Stock (as defined in the Warrant Agreement) which number shall be determined by (i) multiplying the outstanding principal amount which is due but unpaid by 1% and (ii) dividing the product thereof by the Exercise Price.

2.8 Notwithstanding anything in this Agreement to the contrary, Lender's obligations to provide the Loan(s) shall terminate on the earlier of (i) January 7, 2000 or (ii) the occurrence of a Material Adverse Effect pursuant to Section 1.22, and no Advance Requests shall be accepted after such date, unless otherwise waived by Lender ("Draw Period"). Notwithstanding the foregoing, in the event the Borrower closes a private equity round for a minimum of Ten Million and No/l00 Dollars ($l0,000,000.00) with a price per share no less than $4.50 ("Next Round"), Borrower may request an extension of the Draw Period for an additional nine (9) months ("Extended Draw Period"), such Extended Draw Period will only be available upon: (i) written request by Borrower and (ii) the issuance to Lender of a Series C Preferred Stock warrant for an aggregate purchase price of $450,000 divided by the Exercise Price, with the same terms and conditions as the Warrant Agreement defined herein and attached hereto as Exhibit C. The Exercise Price shall be defined as equal to the price per share of the Next Round.

SECTION 3. SECURITY INTEREST

As security for the prompt, complete and indefeasible payment when due (whether at stated payment dates or otherwise) of all the Secured Obligations and in order to induce Lender to make the Loan upon the terms and subject to the conditions of the Note(s), Borrower hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to Lender for security purposes only, and hereby grants to Lender a security interest in, all of Borrower's right, title and interest in, to and under each of the following (all of which being hereinafter collectively called the "Collateral"):

(a) All Receivables;

(b) All Equipment;

(c) All Fixtures;

(d) All General Intangibles;

(e) All Inventory;

(f) All other goods and personal property of Borrower whether tangible or intangible and whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located; and

(g) To the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing.

Notwithstanding the foregoing, Lender agrees to release all Receivables necessary for the sole purpose of Borrower securing an accounts receivable/factoring facility against executed firm orders with Orthodontists and Dentists for Borrower's dental products, provided, however, Lender has the right of first refusal to provide such receivable/factoring facility.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF BORROWER

The Borrower represents, warrants and agrees that:

Blanket Loan and Security Agreement.

4.1 it has good title in and to the Collateral, free of all liens, security interests, encumbrances and claims whatsoever, except for the interest of the Lender therein;

4.2 it has the full power and authority to, and does hereby grant and convey to the Lender, a valid first priority perfected security interest in the Collateral as security for the Secured Obligations, free of all liens, security interests, encumbrances and claims, and shall execute such Uniform Commercial Code financing statements in connection herewith as the Lender may reasonably request. Except for Permitted Liens, no other lien, security interest, adverse claim or encumbrance has been created by Borrower or is known by Borrower to exist with respect to any Collateral;

4.3 it is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware, and is duly qualified as a foreign corporation in all jurisdictions where the failure to so qualify would have a Material Adverse Effect on the Collateral or the business of the Borrower taken as a whole;

4.4 the execution, delivery and performance of the Note(s), this Agreement, the Warrant Agreement(s), and all financing statements, certificates and other documents required to be delivered or executed in connection herewith (collectively, the "Loan Documents") have been duly authorized by all necessary corporate action of Borrower, the individual or individuals executing the Loan Documents were duly authorized to do so, and the Loan Documents constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization or other similar laws generally affecting the enforcement of the rights of creditors;

4.5 the Loan Documents do not and will not violate any provisions of its Certificate of Incorporation, bylaws or any material contract pr agreement, law, regulation, order, injunction, judgment, decree or writ to which the Borrower is subject, or result in the creation or imposition of any lien, security interest or other encumbrance upon the Collateral, other than those created by this Agreement;

4.6 the execution, delivery and performance of the Loan Documents do not require the consent or approval of any other person or entity including, without limitation, any regulatory authority or governmental body of the United States or any state thereof or any political subdivision of the United States or any state thereof.

4.7 as of the date hereof no fact or condition exists that would (or could, with the passage of time, the giving of notice, or both) constitute an Event of Default under this Agreement or any of the Loan Documents and no event which has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing.

SECTION 5. INSURANCE AND RISK OF LOSS

5.1 So long as there are any Secured Obligations outstanding, Borrower shall cause to be carried and maintained commercial general liability insurance against risks customarily insured against in Borrower's line of business. Such risks shall include, without limitation, the risks of death, bodily injury and property damage. So long as there are any Secured Obligations outstanding, Borrower shall also cause to be carried and maintained insurance

upon the Collateral and Borrower's business, covering casualty, hazard and such other property risks in amounts equal to the full replacement cost of the Collateral. Borrower shall deliver to Lender lender's loss payable endorsements (Form BFU 438 or equivalent) naming Lender as loss payee and additional insured. Borrower shall use commercially reasonable efforts to cause all policies evidencing such insurance to provide for at least thirty (30) days prior written notice by the underwriter or insurance company to Lender in the event of cancellation or expiration. Such policies shall be issued by such insurers and in such amounts as are reasonably acceptable to Lender.

5.2 Borrower shall and does hereby indemnify and hold Lender, its agents and shareholders harmless from and against any and all claims, costs, expenses, damages and liabilities (including, without limitation, such claims, costs, expenses, damages and liabilities based on liability in tort, including without limitation, strict liability in tort), including reasonable attorneys' fees, arising out of the disposition or utilization of the Collateral, other than claims arising at or caused by Lender's gross negligence or willful misconduct.

SECTION 6. COVENANTS OF BORROWER

Borrower covenants and agrees as follows at all times while any of the Secured Obligations remain outstanding:

6.1 Borrower shall furnish to Lender the financial statements listed hereinafter, each prepared in accordance with generally accepted accounting principles consistently applied (the "Financial Statements"):

(a) as soon as practicable (and in any event within thirty (30) days) after the end of each month, unaudited interim financial statements as of the end of such month (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that could reasonably be expected to have a Material Adverse Effect, all certified by Borrower's Chief Executive Officer or Chief Financial Officer to be true and correct in all material respects;

(b) as soon as practicable (and in any event within ninety (90) days) after the end of each fiscal year, unqualified audited financial statements as of the end of such year (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows, and setting forth in comparative form the corresponding figures for the preceding fiscal year, certified by a firm of independent certified public accountants selected by Borrower and reasonably acceptable to Lender, accompanied by any management report from such accountants;

(c) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements or reports which Borrower has made available to its shareholders and copies of any regular, periodic and special reports or registration statements which Borrower files with the Securities and Exchange Commission or any governmental authority which may be substituted therefor, or any national securities exchange; and

(d) promptly, any additional information, financial or otherwise (including, but not limited, to tax returns and names of principal creditors) as Lender reasonably believes necessary to evaluate Borrower's continuing ability to meet its financial obligations.

6.2 Borrower shall permit any authorized representative of Lender and its attorneys and accountants on reasonable notice to inspect, examine and make copies and abstracts of the books of account and records of Borrower at reasonable times during normal business hours provided, that not more than two such inspections or examinations shall take place in any calendar year except upon the occurrence and continuation of an Event of Default. In addition, such representative of Lender and its attorneys and accountants shall have the right to meet with management and officers of the Company to discuss such books of account and records.

6.3 Borrower will from time to time execute, deliver and file, alone or with Lender, any financing statements, security agreements or other documents; procure any instruments or documents as may be reasonably requested by Lender; and take all further action that may be necessary or desirable, or that Lender may reasonably request, to confirm, perfect, preserve and protect the security interests intended to be granted hereby, and in addition, and for such purposes only, Borrower hereby authorizes Lender to execute and deliver on behalf of Borrower and to file such financing statements, security agreement and other documents without the signature of Borrower either in Lender's name or in the name of Borrower as agent and attorney-in-fact for Borrower. The parties agree that a carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement and may be filed in any appropriate office in lieu thereof.

6.4 Borrower shall protect and defend Borrower's title as well as the interest of the Lender against all persons claiming any interest adverse to Borrower or Lender and shall at all times keep the Collateral free and clear from any legal process, liens or encumbrances whatsoever (except any placed thereon by Lender and other Permitted Liens) and shall give Lender immediate written notice thereof.

6.5 Without Lender's prior written consent, such consent to be given no later than four (4) days after Lender receives notice by Borrower, Borrower shall not, outside the ordinary course of business, but not to exceed $250,000, (a) grant any material extension of the time of payment of any of the Receivables, (b) to any material extent, compromise, compound or settle the same for less than the full amount thereof, (c) release, wholly or partly, any person liable for the payment thereof, or allow any credit or discount whatsoever thereon other than trade discounts granted in the ordinary course of business of Borrower.

6.6 Borrower shall maintain and protect its properties, assets and facilities, including without limitation, its Equipment and Fixtures, in good order and working repair and condition (taking into consideration ordinary wear and tear) and from time to time make or cause to be made all necessary and proper repairs, renewals and replacements thereto and shall competently manage and care for its property in accordance with prudent industry practices.

6.7 Borrower shall not merge with and into any other entity; or sell or convey all or substantially all of its assets or stock to any other person or entity without notifying Lender a minimum of twenty (20) days prior to the closing date and requesting Lender's consent to the assignment of all of Borrower's Secured Obligations hereunder to the successor entity in form

and substance satisfactory to Lender. In the event Lender does not consent to such assignment the parties agree Borrower shall prepay the Loan in accordance with Section 2.6 hereof. Notwithstanding the foregoing, Lender hereby consents to any Merger in which the surviving entity has cash and marketable securities of at least ten (10) times the remaining Loan payments and Lender shall not unreasonably withhold its consent to a Merger in other cases.

For purposes of this Agreement, a "Merger" shall mean any consolidation or merger of the Borrower with or into any other corporation or entity, any sale or conveyance of an or substantially all of the assets or stock of the Borrower by or to any other person or entity in which Borrower is not the surviving entity.

6.8 Borrower shall not, without the prior written consent of Lender, such consent not to be unreasonably withheld, declare or pay any cash dividend or make a distribution on any class of stock, other than pursuant to employee repurchase plans upon an employee's death or termination of employment or transfer, sell, lease, lend or in any other manner convey any equitable, beneficial or legal interest in any material portion of the assets of Borrower (except inventory sold in the normal course of business).

6.9 Upon the request of Lender, Borrower shall, during business hours, make the Inventory and Equipment available to Lender for inspection at the place where it is normally located and shall make Borrower's log and maintenance records pertaining to the Inventory and Equipment available to Lender for inspection. Borrower shall take all action necessary to maintain such logs and maintenance records in a correct and complete fashion.

6.10 Borrower covenants and agrees to pay when due, all taxes, fees or other charges of any nature whatsoever (together with any related interest or penalties) now or hereafter imposed or assessed against Borrower, Lender or the Collateral or upon Borrower's ownership, possession, use, operation or disposition thereof or upon Borrower's rents, receipts or earnings arising therefrom. Borrower shall file on or before the due date therefor all personal property tax returns in respect of the Collateral. Notwithstanding the foregoing, Borrower may contest, in good faith and by appropriate proceedings, taxes for which Borrower maintains adequate reserves therefor.

6.11 Borrower shall not relocate any item of the Collateral (other than sale of inventory in the ordinary course of business) except: (i) with prior written notice of the Lender not to be unreasonably withheld; and (ii) if such relocation shall be within the continental United States. If permitted to relocate Collateral pursuant to the foregoing sentence, unless otherwise agreed in writing by Lender, Borrower shall first (a) cause to be filed and/or delivered to the Lender all Uniform Commercial Code financing statements, certificates or other documents or instruments necessary to continue in effect the perfected security interest of the Lender in the Collateral, and (b) have given the Lender no less than fifteen (15) days prior written notice of such relocation.

6.12 Borrower shall not incur any indebtedness senior to Lender's position without the prior written consent of Lender.

SECTION 7. CONDITIONS PRECEDENT TO LOAN

The obligation of Lender to fund the Loan on each Advance Date shall be subject to Lender's discretion and satisfactory completion of its due diligence and approval process, and satisfaction by Borrower or waiver by Lender, in Lender's reasonable discretion, of the following conditions:

7.1 Document Delivery. Borrower, on prior to the Closing Date, shall have delivered to Lender the following:

(a) executed originals of the Agreement, the Warrant Agreement, and any documents reasonably required by Lender to effectuate the liens of Lender, with respect to all Collateral;

(b) certified copy of resolutions of Borrower's board of directors evidencing approval of the borrowing and other transactions evidenced by the Loans Documents;

(c) certified copies of the Certificate of Incorporation and the Bylaws of Borrower, as amended through the Closing Date;

(d) certificate of good standing for Borrower from its state of incorporation and similar certificates from all other jurisdictions in which it does business and where the failure to be qualified would have a Material Adverse Effect;

(e) payment of the Facility Fee less transaction and due diligence expenses (not to exceed $7,500) shall be applied to the Facility Fee; and

(f) such other documents as Lender may reasonably request.

7.3 Advance Request.

(a) During Draw Period, Borrower, on or prior to each Advance Date, shall have delivered to Lender the following:

(i) a minimum of five (5) business days prior to the Advance Date, written notice in the form of an Advance Request, or as otherwise specified by Lender from time to time, specifying amount of such Advance and wire transfer instructions;

(ii) executed original of the Note(s); and

(iii) such other documents as Lender may reasonably request.

(b) During Extended Draw Period, Borrower on or prior to each Advance Date, shall have delivered to Lender the following:

(i) a minimum of five (5) business days to the Advance Date, written notice in the form of an Advance Request, or as otherwise specified by Lender from time to time, specifying amount of such Advance and wire instructions;

(ii) executed original of the Note(s);

(iii) a Warrant Agreement executed in accordance with Section 2.8 herein, and in a form substantially identical to the Warrant Agreement attached hereto as Exhibit C, and

(iv) such other documents as Lender may reasonably request.

7.4 Perfection of Security Interests. Borrower shall have taken or caused to be taken such actions reasonably requested by Lender to grant Lender a first priority perfected security interest in the Collateral. Such actions shall include, without limitation, the delivery to Lender of all appropriate financing statements, executed by Borrower, as to the Collateral granted by Borrower for all jurisdictions as may be necessary or desirable to perfect the security interest of Lender in such Collateral

7.5 Absence of Events of Defaults. As of the Closing Date or the Advance Date, no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default under this Agreement or any of the Loan Documents.

7.6 Material Adverse Effect. As of the Closing Date or the Advance Date, no event which has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing.

SECTION 8. ASSIGNMENT BY LENDER

8.1 Borrower acknowledges and understands that Lender may sell and assign all or a part of its interest hereunder and under the Note(s) and Loan Documents to any person or entity (an "Assignee"). After such assignment the term Lender shall mean such Assignee, and such Assignee shall be vested with all rights, powers and remedies of Lender hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, the Lender shall retain all rights, powers and remedies hereby given. No such assignment by Lender shall relieve Borrower of any of its obligations hereunder. Borrower shall acknowledge such assignment or assignments as shall be designated by written notice given by Lender to Borrower. The Lender agrees that in the event of any transfer by it of the Note(s), it will endorse thereon a notation as to the portion of the principal of the Note(s) which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

SECTION 9. DEFAULT

The occurrence of any one or more of the following events (herein called "Events of Default") shall constitute a default hereunder and under the Note(s):

9.1 The Borrower defaults in the payment of any principal or interest payable under the Note(s) and such default continues for more than five (5) days after the due date thereof;

9.2 The Borrower defaults in the payment or performance of any other covenant or obligation of the Borrower hereunder or under the Note(s) or any other Loan Documents for more than ten (10) days after the Lender has given notice of such default to the Borrower;

9.3 Any representation or warranty as of the date made herein by the Borrower shall prove to have been false or misleading in any material respect;

9.4 The making of an assignment by Borrower for the benefit of its creditors or the admission by Borrower in writing of its inability to pay its debts as they become due, or the insolvency of Borrower, or the filing by Borrower of a voluntary petition in bankruptcy, or the adjudication of Borrower as a bankrupt, or the filing by Borrower of any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future statute, law or regulation, or the filing of any answer by Borrower admitting, or the failure by Borrower to deny, the material allegations of a petition filed against it for any such relief, or the seeking or consenting by Borrower to, or acquiescence by Borrower in, the appointment of any trustee, receiver or liquidator of Borrower or of all or any substantial part of the properties of Borrower, or the inability of Borrower to pay its debts when due, or the commission by Borrower of any act of bankruptcy as defined in the Federal Bankruptcy Act, as amended;

9.5 The failure by Borrower, within sixty (60) days after the commencement of any proceeding against Borrower seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, to obtain the dismissal of such proceeding or, within sixty (60) days after the appointment, without the written consent or acquiescence of Lender, of any trustee, receiver or liquidator of Borrower or of all or any substantial part of the properties of Borrower, to vacate such appointment;

9.6 The default by Borrower under any other notes or other agreement for borrowed money, lease or other agreement between Borrower and Lender; or

9.7 The occurrence of any default under any lease or other agreement or obligation of Borrower involving an amount in excess of $100,000.00 or having a Material Adverse Effect; or the entry of any judgment against Borrower involving an award in excess of $100,000.00 that would have a Material Adverse Effect, that has not been bonded or stayed on appeal within thirty (30) days.

SECTION 10. REMEDIES

Upon the occurrence and continuation hereof of any one or more Events of Default, Lender, at its option, may declare the Note(s) to be accelerated and immediately due and payable, (provided, that upon the occurrence of an Event of Default of the type described in 9.4 or 9.5, the Note(s) and all other Secured Obligations shall automatically be accelerated and made due and payable without any further act) whereupon the unpaid principal of and accrued interest on such Note shall become immediately due and payable, and shall thereafter bear interest at the Default Rate and calculated in accordance with Section 2.2. Lender may exercise all rights and remedies with respect to the Collateral granted pursuant hereto for such Note(s), or otherwise available to it under applicable law, including the right to release, hold or otherwise dispose of all or any part of the Collateral and the right to utilize, process and commingle the Collateral.

Upon the happening and during the continuance of any Event of Default, Lender may then, or at any time thereafter and from time to time, apply, collect, sell in one or more sales,

lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonably preparation or processing, in such order as Lender may elect, and any such sale may be made either at public or private sale at its place of business or elsewhere. Borrower agrees that any such public or private sale may occur upon five (5) calendar day's notice to Borrower. Lender may require Borrower to assemble the Collateral and make it available to Lender at a place designated by Lender which is reasonably convenient to Lender and Borrower. The proceeds of any sale, disposition or other realization upon all or any part of the collateral shall be distributed by Lender in the following order of priorities:

First, to Lender in an amount sufficient to pay in full Lender's reasonable costs and professionals' and advisors' fees and expenses;

Second, to Lender in an amount equal to the then unpaid amount of the Secured Obligations in such order and priority as Lender may choose in its sole discretion; and

Finally, upon payment in full of all of the Secured Obligations, to Borrower or its representatives or as a court of competent jurisdiction may direct.

The Lender shall return to the Borrower any surplus Collateral remaining after payment of all Secured Obligations.

SECTION 11. MISCELLANEOUS

11.1 Borrower shall remain liable to Lender for any unpaid Secured Obligations, advances, costs, charges and expenses, together with interest thereon and shall pay the same immediately to Lender at Lender's offices.

11.2 The powers conferred upon Lender by this Agreement are solely to protect its interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers.

11.3 This is a continuing Agreement and the grant of a security interest hereunder shall remain in full force and effect and all the rights, powers and remedies of Lender hereunder shall continue to exist until the Secured Obligations are paid in full as the same become due and payable. When Borrower has paid in full all Secured Obligations, Lender will, promptly but in no event later than ten (10) days, upon request of Borrower, execute a written termination Statement, reassigning to Borrower, without recourse, the Collateral and all rights conveyed hereby and return possession (if Lender has possession) of the Collateral to Borrower. The rights, powers and remedies of Lender hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of any other rights, powers and remedies of Lender. Furthermore, regardless of whether or not the UCC is in effect in the jurisdiction where such rights, powers and remedies are asserted, Lender shall have the rights, powers and remedies of a secured party under the UCC.

11.4 Upon payment in full of all Secured Obligations, the Lender shall cancel the Note(s), this Agreement and all UCC financing statements, if any, and shall promptly deliver all such canceled documents to the Borrower.

11.5 GOVERNING LAW. This Agreement, the Note(s) and the other Loan Documents have been negotiated and delivered to Lender in the State of Illinois and shall not become effective until accepted by Lender in the State of Illinois. Payment to Lender by Borrower of the Secured Obligations is due in the State of Illinois. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Illinois excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

11.6 CONSENT TO JURISDICTION AND VENUE. All judicial proceedings arising in or under or related to this Agreement, the Note or any of the other Loan Documents may be brought in any state or federal court of competent jurisdiction located in the State of Illinois. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to personal jurisdiction in Cook County, State of Illinois; (b) waives any objection as to jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, the Note(s) and the other Loan Documents. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 11.8 below and shall be deemed effective and received as set forth in Section 11.8 below. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

11.7 Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.8 Except as otherwise provided herein, all notices and service of process required, contemplated, or permitted to have been validly served, or hereunder shall be in writing and shall be deemed given or delivered upon the earlier of: (i) the first business day after transmission by facsimile or hand delivery or deposit with an overnight express service or overnight mail delivery service; or (ii) or three (3) calendar days after mailed, postage prepaid, in each case, and shall be addressed to the designated recipient, as follows:

(a) If to Lender:

COMDISCO, INC.
Legal Department
Attention: General Counsel
6111 North River Road
Rosemont, Illinois 60018
Facsimile: 847.518.5088
Telephone: 847.518.698.3000

With Copys to:

COMDISCO, INC.
Attention: Comdisco Ventures
6111 North River Road
Rosemont, Illinois 60018

Facsimile: 847.518.5465
Telephone: 847.518.698.3000
and

Comdisco Ventures
Attention: Glen Howard
3000 Sand Hill Road, Bldg. 1, Suite 155
Menlo Park, CA 94025
Facsimile: 650.854.4026
Telephone: 650.854.9484

(b) If to Borrower:

ALIGN TECHNOLOGY INC. 442 Potrero Avenue
Sunnyvale, CA 94086
Attention:_____
Facsimile: (408) 738-7150
Telephone (408) 738-1500

With a Copy to:

_____
_____
_____
Attention:_____
Facsimile:_____
Telephone:_____

or to such other address as each party may designate for itself by like notice.

11.9 Lender and Borrower acknowledge that there are no agreements or understandings, written or oral, between Lender and Borrower with respect to the Loan, other than as set forth herein, in the Note(s) and the other Loan Documents and that this Agreement, the Note(s) and the other Loan Documents contain the entire agreement between Lender and Borrower with respect thereto. None of the terms of this Agreement, the Note(s) and the other Loan Documents may be amended except by an instrument executed by each of the parties hereto.

11.10 No omission, or delay, by Lender at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by Borrower at any time designated, shall be a waiver of any such right or remedy to which Lender is entitled, nor shall it in any way affect the right of Lender to enforce such provisions thereafter.

11.11 All agreements, representations and warranties contained in this Agreement or the Note, or in any Loan Documents delivered pursuant hereto or in connection herewith shall be for the benefit of Lender and any Assignee and shall survive the execution and delivery of this Agreement or the Note and the expiration or other termination of this Agreement or the Note.

11.12 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

11.13 CONFIDENTIALITY. Lender acknowledges that certain items of Collateral, including, but not limited to trade secrets, source codes, customer lists and certain other items of intellectual Property, and any Financial Statements provided pursuant to Section 6 hereof, constitute proprietary and confidential information of the Borrower (the "Confidential Information"). Accordingly, lender agrees that any Confidential Information it may obtain in the course of acquiring, perfecting or foreclosing on the Collateral or otherwise provided under this Agreement, provided such Confidential Information is marked as confidential by Borrower at the time of disclosure or is oral information which is confirmed in writing and marked as confidential with thirty (30) days following disclosure, shall be received in the strictest confidence and will not be disclosed to any other person or entity in any manner whatsoever, in whole or in part, without the prior written consent of the Borrower, unless and until Lender has acquired indefeasible title thereto.

11.14 This Agreement shall be binding upon, and shall inure to the benefit of, Borrower and its permitted assigns (if any). Borrower shall not assign its obligations under this Agreement, the Note(s) or any of the other Loan Documents without Lender's express written consent and any such attempted assignment shall be void and of no effect. Any assignment by Borrower in connection with a "Merger" (as defined below) shall be subject to Lender's prior consent. Any consent granted by Lender shall be conditioned upon such surviving entity or transferee assuming Borrower's Secured Obligations hereunder pursuant to assignment documents reasonably acceptable to Lender. If Lender reasonably withholds its consent to such assignment in connection with a Merger, the outstanding principal and accrued and unpaid interest shall be prepaid in whole in accordance with Section 2.6 hereof.

For purposes of this Agreement, a "Merger" shall mean any consolidation or merger of the Borrower with or into any other corporation or entity, any sale or conveyance of an or substantially all of the assets or stock of the Borrower by or to any other person or entity in which Borrower is not the surviving entity.

IN WITNESS WHEREOF, the Borrower and the Lender have duly executed and delivered this Agreement as of the day and year first above written.

BORROWER: ALIGN TECHNOLOGY INC.

By: /s/ Muhammed Ziaullah K. Chishti

Title: CEO

Date: 4/16/99

ACCEPTED IN ROSEMONT, ILLINOIS:
- ------------------------------

LENDER: COMDISCO, INC.

By: _____

Title: _____

Date: _____

EXHIBIT A
SECURED PROMISSORY NOTE

$_____ Date:_____

Due: _____

FOR VALUE RECEIVED, Align Technology Incorporated a Delaware corporation (the "Borrower") hereby promises to pay to the order of Comdisco, Inc., a Delaware corporation (the "Lender") at P.O. Box 91744, Chicago, IL 60693 or such other place of payment as the holder of this Secured Promissory Note (this "Note") may specify from time to time in writing, in lawful money of the United States of America, the principal amount of _____ and 00/l00 Dollars ($_____) together with interest at twelve percent (12.0%) per annum from the date of this Note to maturity of each installment on the principal hereof remaining from time to time unpaid, such principal and interest to be paid in 36 equal monthly installments of $_____ each, commencing _____ and on the same day of each month thereafter to and including _____, such installments to be applied first to accrued and unpaid interest and the balance to unpaid principal. Interest shall be computed on the basis of a year consisting of twelve months of thirty days each.

This Note is the Note referred to in, and is executed and delivered in connection with, that certain Loan and Security Agreement of dated as of April 12 1999 herewith by and between Borrower and Lender (as the same may from time to time be amended, modified or supplemented in accordance with its terms, the "Loan Agreement"), and is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. All terms defined in the Loan Agreement shall have the same definitions when used herein, unless otherwise defined herein.

The Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest and any other notice as permitted under the UCC or any applicable law.

This Note has been delivered to Lender and is payable in the State of Illinois, and shall not become effective until accepted by Lender in the State of Illinois. This Note shall be governed by and construed and enforced in accordance with, the laws of the State of Illinois, excluding any conflicts of law rules or principles that would cause the application of the laws of any other jurisdiction.

BORROWER: ALIGN TECHNOLOGY INC.
442 Potrero Ave.
Sunnyvale, CA 94086

Signature: _____

Print Name: _____

Title: _____

EXHIBIT B
ADVANCE REQUEST

Date: _____

To Lender: Comdisco, Inc.
% Comdisco Ventures
3000 Sand Hill Road
Menlo Park, CA 94025
Attention: Vika Tonga
Facsimile (650) 854-4026

Borrower hereby requests from Comdisco, Inc. ("Lender") an Advance in the amount of $_____ under that Loan and Security Agreement between Borrower and Lender dated April 12, 1999 (the "Agreement").

Please:

(a) Issue a check payable to Borrower _____

or

(b) Wire Funds to Borrower's account _____

Bank: _____
Address: _____
_____
ABA Number: _____
Account Number: _____
Account Name: _____

Borrower hereby affirms that all Representations and Warranties of Borrower set forth in Section 4 and all Conditions Precedent to Loan set forth in Section 7 of the Agreement remain true and correct in all material respects as of the date hereof.

Executed this ____ day of _____, 1999 by:

BORROWER: ALIGN TECHNOLOGY INC.

BY: _____

TITLE: _____

PRINT: _____

EXHIBIT 10.10

SECURED PROMISSORY NOTE

$5,000,000.00 Date: April 12, 2000

Due: April 1, 2003

FOR VALUE RECEIVED, Align Technology, Incorporated a Delaware corporation (the "Borrower") hereby promises to pay to the order of Comdisco, Inc., a Delaware corporation (the "Lender") at P.O. Box 91744, Chicago, IL 60693 or such other place of payment as the holder of this Secured Promissory Note (this "Note") may specify from time to time in writing, in lawful money of the United States of America, the principal amount of Five Million and 00/100 Dollars ($5,000,000.00) together with interest at twelve percent (12.0%) per annum from the date of this Note to maturity of each installment on the principal hereof remaining from time to time unpaid, such principal and interest to be paid in 36 equal monthly installments of $164,468.65 each, commencing May 1, 2000 and on the same day of each month thereafter to and including April 1, 2003, such installments to be applied first to accrued and unpaid interest and the balance to unpaid principal. Interest shall be computed on the basis of a year consisting of twelve months of thirty days each.

This Note is the Note referred to in, and is executed and delivered in connection with, that certain Loan and Security Agreement dated as of April 12, 1999 herewith by and between Borrower and Lender (as the same may from time to time be amended, modified or supplemented in accordance with its terms, the "Loan Agreement"), and is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. All terms defined in the Loan Agreement shall have the same definitions when used herein, unless otherwise defined herein.

The Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest and any other notice as permitted under the UCC or any applicable law.

This Note has been delivered to Lender and is payable in the State of Illinois, and shall not become effective until accepted by Lender in the State of Illinois. This Note shall be governed by and construed and enforced in accordance with, the laws of the State of Illinois, excluding any conflicts of law rules or principles that would cause the application of the laws of any other jurisdiction.

BORROWER: ALIGN TECHNOLOGY INC.
442 Potrero Ave.
Sunnyvale, CA 94086

Signature: /s/ Muhammad Ziaullah K. Chishti

Print Name: Muhammad Ziaullah K. Chishti

Title: CEO

EXHIBIT 10.13

ALIGN TECHNOLOGY, INC.

2001 STOCK INCENTIVE PLAN

ARTICLE ONE

GENERAL PROVISIONS

I. PURPOSE OF THE PLAN

This 2001 Stock Incentive Plan is intended to promote the interests of Align Technology, Inc., a Delaware corporation, by providing eligible persons in the Corporation's service with the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest, in the Corporation as an incentive for them to remain in such service.

Capitalized terms shall have the meanings assigned to such terms in the attached Appendix.

II. STRUCTURE OF THE PLAN

A. The Plan shall be divided into five separate equity incentives programs:

. the Discretionary Option Grant Program under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase shares of Common Stock,

. the Salary Investment Option Grant Program under which eligible employees may elect to have a portion of their base salary invested each year in special option grants,

. the Stock Issuance Program under which eligible persons may, at the discretion of the Plan Administrator, be issued shares of Common Stock directly, either through the immediate purchase of such shares or as a bonus for services rendered the Corporation (or any Parent or Subsidiary),

. the Automatic Option Grant Program under which eligible non-employee Board members shall automatically receive option grants at designated intervals over their period of continued Board service, and

. the Director Fee Option Grant Program under which non-employee Board members may elect to have all or any portion of their annual retainer fee otherwise payable in cash applied to a special stock option grant.

B. The provisions of Articles One and Seven shall apply to all equity programs under the Plan and shall govern the interests of all persons under the Plan.

III. ADMINISTRATION OF THE PLAN

A. The Primary Committee shall have sole and exclusive authority to administer the Discretionary Option Grant and Stock Issuance Programs with respect to Section 16 Insiders. Administration of the Discretionary Option Grant and Stock Issuance Programs with respect to all other persons eligible to participate in those programs may, at the Board's discretion, be vested in the Primary Committee or a Secondary Committee, or the Board may retain the power to administer those programs with respect to all such persons. However, any discretionary option grants or stock issuances for members of the Primary Committee must be authorized by a disinterested majority of the Board.

B. Members of the Primary Committee or any Secondary Committee shall serve for such period of time as the Board may determine and may be removed by the Board at any time. The Board may also at any time terminate the functions of any Secondary Committee and reassume all powers and authority previously delegated to such committee.

C. Each Plan Administrator shall, within the scope of its administrative functions under the Plan, have full power and authority (subject to the provisions of the Plan) to establish such rules and regulations as it may deem appropriate for proper administration of the Discretionary Option Grant and Stock Issuance Programs and to make such determinations under, and issue such interpretations of, the provisions of those programs and any outstanding options or stock issuances thereunder as it may deem necessary or advisable. Decisions of the Plan Administrator within the scope of its administrative functions under the Plan shall be final and binding on all parties who have an interest in the Discretionary Option Grant and Stock Issuance Programs under its jurisdiction or any stock option or stock issuance thereunder.

D. The Primary Committee shall have the sole and exclusive authority to determine which Section 16 Insiders and other highly compensated Employees shall be eligible for participation in the Salary Investment Option Grant Program for one or more calendar years. However, all option grants under the Salary Investment Option Grant Program shall be made in accordance with the express terms of that program, and the Primary Committee shall not exercise any discretionary functions with respect to the option grants made under that program.

E. Service on the Primary Committee or the Secondary Committee shall constitute service as a Board member, and members of each such committee shall accordingly be entitled to full indemnification and reimbursement as Board members for their service on such committee. No member of the Primary Committee or the Secondary Committee shall be liable for any act or omission made in good faith with respect to the Plan or any option grants or stock issuances under the Plan.

F. Administration of the Automatic Option Grant and Director Fee Option Grant Programs shall be self-executing in accordance with the terms of those programs, and no Plan Administrator shall exercise any discretionary functions with respect to any option grants or stock issuances made under those programs.

IV. ELIGIBILITY

A. The persons eligible to participate in the Discretionary Option Grant and Stock Issuance Programs are as follows:

(i) Employees,

(ii) non-employee members of the Board or the board of directors of any Parent or Subsidiary, and

(iii) consultants and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary).

B. Only Employees who are Section 16 Insiders or other highly compensated individuals shall be eligible to participate in the Salary Investment Option Grant Program.

C. Each Plan Administrator shall, within the scope of its administrative jurisdiction under the Plan, have full authority to determine, (i) with respect to the option grants under the Discretionary Option Grant Program, which eligible persons are to receive such grants, the time or times when those grants are to be made, the number of shares to be covered by each such grant, the status of the granted option as either an Incentive Option or a Non-Statutory Option, the time or times when each option is to become exercisable, the vesting schedule (if any) applicable to the option shares and the maximum term for which the option is to remain outstanding and (ii) with respect to stock issuances under the Stock Issuance Program, which eligible persons are to receive such issuances, the time or times when the issuances are to be made, the number of shares to be issued to each Participant, the vesting schedule (if any) applicable to the issued shares and the consideration for such shares.

D. The Plan Administrator shall have the absolute discretion either to grant options in accordance with the Discretionary Option Grant Program or to effect stock issuances in accordance with the Stock Issuance Program.

E. The individuals who shall be eligible to participate in the Automatic Option Grant Program shall be limited to (i) those individuals who first become non-employee Board members on or after the Underwriting Date, whether through appointment by the Board or election by the Corporation's stockholders, and (ii) those individuals who continue to serve as non-employee Board members at one or more Annual Stockholders Meetings held after the Underwriting Date. A non-employee Board member who has previously been in the employ of the Corporation (or any Parent or Subsidiary) shall not be eligible to receive an option grant

under the Automatic Option Grant Program at the time he or she first becomes a non-employee Board member, but shall be eligible to receive periodic option grants under the Automatic Option Grant Program while he or she continues to serve as a non-employee Board member.

F. All non-employee Board members shall be eligible to participate in the Director Fee Option Grant Program.

V. STOCK SUBJECT TO THE PLAN

A. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Corporation on the open market. The number of shares of Common Stock initially reserved for issuance over the term of the Plan shall not exceed eleven million seventy-four thousand one hundred twenty-nine (11,074,129) shares. Such reserve shall consist of (i) the number of shares estimated to remain available for issuance, as of the Plan Effective Date, under the Predecessor Plan as last approved by the Corporation's stockholders, including the shares subject to outstanding options under the Predecessor Plan, (ii) plus an additional increase of approximately eight million eight hundred thousand (8,800,000) shares to be approved by the Corporation's stockholders prior to the Underwriting Date.

B. The number of shares of Common Stock available for issuance under the Plan shall automatically increase on the first trading day of January each calendar year during the term of the Plan, beginning with calendar year 2002, by an amount equal to five percent (5%) of the total number of shares of Common Stock outstanding on the last trading day in December of the immediately preceding calendar year, but in no event shall any such annual increase exceed three million (3,000,000) shares.

C. No one person participating in the Plan may receive stock options, separately exercisable stock appreciation rights and direct stock issuances for more than three million (3,000,000) shares of Common Stock in the aggregate per calendar year.

D. Shares of Common Stock subject to outstanding options (including options transferred to this Plan from the Predecessor Plan) shall be available for subsequent issuance under the Plan to the extent (i) those options expire or terminate for any reason prior to exercise in full or (ii) the options are cancelled in accordance with the cancellation-regrant provisions of Article Two. Unvested shares issued under the Plan and subsequently cancelled or repurchased by the Corporation, at the original issue price paid per share, pursuant to the Corporation's repurchase rights under the Plan shall be added back to the number of shares of Common Stock reserved for issuance under the Plan and shall accordingly be available for reissuance through one or more subsequent option grants or direct stock issuances under the Plan. However, should the exercise price of an option under the Plan be paid with shares of Common Stock or should shares of Common Stock otherwise issuable under the Plan be withheld by the Corporation in satisfaction of the withholding taxes incurred in connection with the exercise of an option or the vesting of a stock issuance under the Plan, then the number of shares of Common Stock available for issuance under the Plan shall be reduced by the gross number of shares for which the option is exercised or which vest under the stock issuance, and not by the net number of shares of Common Stock issued to the holder of such option or stock

issuance. Shares of Common Stock underlying one or more stock appreciation rights exercised under Section IV of Article Two, Section III of Article Three, Section II of Article Five or Section III of Article Six of the Plan shall not be available for subsequent issuance under the Plan.

E. If any change is made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made by the Plan Administrator to (i) the maximum number and/or class of securities issuable under the Plan, (ii) the maximum number and/or class of securities for which any one person may be granted stock options, separately exercisable stock appreciation rights and direct stock issuances under the Plan per calendar year, (iii) the number and/or class of securities for which grants are subsequently to be made under the Automatic Option Grant Program to new and continuing non-employee Board members, (iv) the number and/or class of securities and the exercise price per share in effect under each outstanding option under the Plan, (v) the number and/or class of securities and exercise price per share in effect under each outstanding option transferred to this Plan from the Predecessor Plan and (vi) the maximum number and/or class of securities by which the share reserve is to increase automatically each calendar year pursuant to the provisions of Section V.B of this Article One. Such adjustments to the outstanding options are to be effected in a manner which shall preclude the enlargement or dilution of rights and benefits under such options. The adjustments determined by the Plan Administrator shall be final, binding and conclusive.

ARTICLE TWO

DISCRETIONARY OPTION GRANT PROGRAM

I. OPTION TERMS

Each option shall be evidenced by one or more documents in the form approved by the Plan Administrator; provided, however, that each such document shall comply with the terms specified below. Each document evidencing an Incentive Option shall, in addition, be subject to the provisions of the Plan applicable to such options.

A. Exercise Price.

1. The exercise price per share shall be fixed by the Plan Administrator but shall not be less than one hundred percent (100%) of the Fair Market Value per share of Common Stock on the option grant date.

2. The exercise price shall become immediately due upon exercise of the option and shall, subject to the provisions of Section I of Article Seven and the documents evidencing the option, be payable in one or more of the forms specified below:

(i) cash or check made payable to the Corporation,

(ii) shares of Common Stock held for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date, or

(iii) to the extent the option is exercised for vested shares, through a special sale and remittance procedure pursuant to which the Optionee shall concurrently provide irrevocable instructions to (a) a Corporation-designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Corporation by reason of such exercise and (b) the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale.

Except to the extent such sale and remittance procedure is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. Exercise and Term of Options. Each option shall be exercisable at such time or times, during such period and for such number of shares as shall be determined by the Plan Administrator and set forth in the documents evidencing the option. However, no option shall have a term in excess of ten (10) years measured from the option grant date.

C. Effect of Termination of Service.

1. The following provisions shall govern the exercise of any options held by the Optionee at the time of cessation of Service or death:

(i) Any option outstanding at the time of the Optionee's cessation of Service for any reason shall remain exercisable for such period of time thereafter as shall be determined by the Plan Administrator and set forth in the documents evidencing the option, but no such option shall be exercisable after the expiration of the option term.

(ii) Any option held by the Optionee at the time of death and exercisable in whole or in part at that time may be subsequently exercised by the personal representative of the Optionee's estate or by the person or persons to whom the option is transferred pursuant to the Optionee's will or the laws of inheritance or by the Optionee's designated beneficiary or beneficiaries of that option.

(iii) Should the Optionee's Service be terminated for Misconduct or should the Optionee otherwise engage in Misconduct while holding one or more outstanding options under this Article Two, then all those options shall terminate immediately and cease to be outstanding.

(iv) During the applicable post-Service exercise period, the option may not be exercised in the aggregate for more than the number of vested shares for which the option is exercisable on the date of the Optionee's cessation of Service. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Service, terminate and cease to be outstanding to the extent the option is not otherwise at that time exercisable for vested shares.

2. The Plan Administrator shall have complete discretion, exercisable either at the time an option is granted or at any time while the option remains outstanding, to:

(i) extend the period of time for which the option is to remain exercisable following the Optionee's cessation of Service from the limited exercise period otherwise in effect for that option to such greater period of time as the Plan Administrator shall deem appropriate, but in no event beyond the expiration of the option term, and/or

(ii) permit the option to be exercised, during the applicable post-Service exercise period, not only with respect to the number of vested shares of Common Stock for which such option is exercisable at the time of the Optionee's cessation of Service but also with respect to one or more additional installments in which the Optionee would have vested had the Optionee continued in Service.

D. Stockholder Rights. The holder of an option shall have no stockholder rights with respect to the shares subject to the option until such person shall have exercised the option, paid the exercise price and become a holder of record of the purchased shares.

E. Repurchase Rights. The Plan Administrator shall have the discretion to grant options which are exercisable for unvested shares of Common Stock. Should the Optionee cease Service while holding such unvested shares, the Corporation shall have the right to repurchase, at the exercise price paid per share, any or all of those unvested shares. The terms upon which such repurchase right shall be exercisable (including the period and procedure for exercise and the appropriate vesting schedule for the purchased shares) shall be established by the Plan Administrator and set forth in the document evidencing such repurchase right.

F. Limited Transferability of Options. During the lifetime of the Optionee, Incentive Options shall be exercisable only by the Optionee and shall not be assignable or transferable other than by will or the laws of inheritance following the Optionee's death. Non-Statutory Options shall be subject to the same restriction, except that a Non-Statutory Option may be assigned in whole or in part during the Optionee's lifetime to one or more members of the Optionee's family or to a trust established exclusively for one or more such family members or to Optionee's former spouse, to the extent such assignment is in connection with the Optionee's estate plan or pursuant to a domestic relations order. The assigned portion may only be exercised by the person or persons who acquire a proprietary interest in the option pursuant to the assignment. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Plan Administrator may deem appropriate. Notwithstanding the foregoing, the Optionee may also designate one or more persons as the beneficiary or beneficiaries of his or her outstanding options under this Article Two, and those options shall, in accordance with such designation, automatically be transferred to such beneficiary or beneficiaries upon the Optionee's death while holding those options. Such beneficiary or beneficiaries shall take the transferred options subject to all the terms and conditions of the applicable agreement evidencing each such transferred option, including (without limitation) the limited time period during which the option may be exercised following the Optionee's death.

II. INCENTIVE OPTIONS

The terms specified below shall be applicable to all Incentive Options. Except as modified by the provisions of this Section II, all the provisions of Articles One, Two and Seven shall be applicable to Incentive Options. Options which are specifically designated as Non-Statutory Options when issued under the Plan shall not be subject to the terms of this Section II.

A. Eligibility. Incentive Options may only be granted to Employees.

B. Dollar Limitation. The aggregate Fair Market Value of the shares of Common Stock (determined as of the respective date or dates of grant) for which one or more options granted to any Employee under the Plan (or any other option plan of the Corporation or any Parent or Subsidiary) may for the first time become exercisable as Incentive Options during any one calendar year shall not exceed the sum of One Hundred Thousand Dollars ($100,000). To the extent the Employee holds two (2) or more such options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

C. 10% Stockholder. If any Employee to whom an Incentive Option is granted is a 10% Stockholder, then the exercise price per share shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of Common Stock on the option grant date, and the option term shall not exceed five (5) years measured from the option grant date.

III. CORPORATE TRANSACTION/CHANGE IN CONTROL

A. In the event of any Corporate Transaction, each outstanding option under the Discretionary Option Grant Program shall automatically accelerate so that each such option shall, immediately prior to the effective date of that Corporate Transaction, become exercisable for all the shares of Common Stock at the time subject to such option and may be exercised for any or all of those shares as fully vested shares of Common Stock. However, an outstanding option shall not become exercisable on such an accelerated basis if and to the extent: (i) such option is, in connection with the Corporate Transaction, to be assumed by the successor corporation (or parent thereof) or (ii) such option is to be replaced with a cash incentive program of the successor corporation which preserves the spread existing at the time of the Corporate Transaction on any shares for which the option is not otherwise at that time exercisable and provides for subsequent payout of that spread in accordance with the same exercise/vesting schedule applicable to those option shares or (iii) the acceleration of such option is subject to other limitations imposed by the Plan Administrator at the time of the option grant.

B. All outstanding repurchase rights under the Discretionary Option Grant Program shall automatically terminate, and the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Corporate Transaction, except to the extent: (i) those repurchase rights are to be assigned to the successor corporation (or parent thereof) in connection with such Corporate Transaction or (ii) such accelerated vesting is precluded by other limitations imposed by the Plan Administrator at the time the repurchase right is issued.

C. Immediately following the consummation of the Corporate Transaction, all outstanding options under the Discretionary Option Grant Program shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof).

D. Each option which is assumed in connection with a Corporate Transaction shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments to reflect such Corporate Transaction shall also be made to (i) the exercise price payable per share under each outstanding option, provided the aggregate exercise price payable for such securities shall remain
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the same, (ii) the maximum number and/or class of securities available for issuance over the remaining term of the Plan and (iii) the maximum number and/or class of securities for which any one person may be granted stock options, separately exercisable stock appreciation rights and direct stock issuances under the Plan per calendar year and (iv) the maximum number and/or class of securities by which the share reserve is to increase automatically each calendar year. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Corporate Transaction, the successor corporation may, in connection with the assumption of the outstanding options under the Discretionary Option Grant Program, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Corporate Transaction.

E. The Plan Administrator shall have the discretionary authority to structure one or more outstanding options under the Discretionary Option Grant Program so that those options shall, immediately prior to the effective date of such Corporate Transaction, become exercisable for all the shares of Common Stock at the time subject to those options and may be exercised for any or all of those shares as fully vested shares of Common Stock, whether or not those options are to be assumed in the Corporate Transaction. In addition, the Plan Administrator shall have the discretionary authority to structure one or more of the Corporation's repurchase rights under the Discretionary Option Grant Program so that those rights shall not be assignable in connection with such Corporate Transaction and shall accordingly terminate upon the consummation of such Corporate Transaction, and the shares subject to those terminated rights shall thereupon vest in full.

F. The Plan Administrator shall have full power and authority to structure one or more outstanding options under the Discretionary Option Grant Program so that those options shall become exercisable for all the shares of Common Stock at the time subject to those options in the event the Optionee's Service is subsequently terminated by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of any Corporate Transaction in which those options are assumed and do not otherwise accelerate. In addition, the Plan Administrator may structure one or more of the Corporation's repurchase rights so that those rights shall immediately terminate with respect to any shares held by the Optionee at the time of his or her Involuntary Termination, and the shares subject to those terminated repurchase rights shall accordingly vest in full at that time.

G. The Plan Administrator shall have the discretionary authority to structure one or more outstanding options under the Discretionary Option Grant Program so that those options shall, immediately prior to the effective date of a Change in Control, become exercisable for all the shares of Common Stock at the time subject to those options and may be exercised for any or all of those shares as fully vested shares of Common Stock. In addition, the Plan Administrator shall have the discretionary authority to structure one or more of the Corporation's repurchase rights under the Discretionary Option Grant Program so that those rights shall terminate automatically upon the consummation of such Change in Control, and the shares subject to those terminated rights shall thereupon vest in full. Alternatively, the Plan Administrator may condition the automatic acceleration of one or more outstanding options under the Discretionary Option Grant Program and the termination of one or more of the Corporation's outstanding repurchase rights under such program upon the subsequent termination of the Optionee's Service by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of such Change in Control.

H. The portion of any Incentive Option accelerated in connection with a Corporate Transaction or Change in Control shall remain exercisable as an Incentive Option only to the extent the applicable One Hundred Thousand Dollar ($100,000) limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such option shall be exercisable as a Nonstatutory Option under the Federal tax laws.

I. The outstanding options shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

IV. CANCELLATION AND REGRANT OF OPTIONS

The Plan Administrator shall have the authority to effect, at any time and from time to time, with the consent of the affected option holders, the cancellation of any or all outstanding options under the Discretionary Option Grant Program (including outstanding options incorporated from the Predecessor Plan) and to grant in substitution new options covering the same or a different number of shares of Common Stock but with an exercise price per share based on the Fair Market Value per share of Common Stock on the new grant date.

V. STOCK APPRECIATION RIGHTS

A. The Plan Administrator shall have full power and authority to grant to selected Optionees tandem stock appreciation rights and/or limited stock appreciation rights.

B. The following terms shall govern the grant and exercise of tandem stock appreciation rights:

(i) One or more Optionees may be granted the right, exercisable upon such terms as the Plan Administrator may establish, to elect between the exercise of the underlying option for shares of Common Stock and

the surrender of that option in exchange for a distribution from the Corporation in an amount equal to the excess of (a) the Fair Market Value (on the option surrender date) of the number of shares in which the Optionee is at the time vested under the surrendered option (or surrendered portion thereof) over (b) the aggregate exercise price payable for such shares.

(ii) No such option surrender shall be effective unless it is approved by the Plan Administrator, either at the time of the actual option surrender or at any earlier time. If the surrender is so approved, then the distribution to which the Optionee shall be entitled may be made in shares of Common Stock valued at Fair Market Value on the option surrender date, in cash, or partly in shares and partly in cash, as the Plan Administrator shall in its sole discretion deem appropriate.

(iii) If the surrender of an option is not approved by the Plan Administrator, then the Optionee shall retain whatever rights the Optionee had under the surrendered option (or surrendered portion thereof) on the option surrender date and may exercise such rights at any time prior to the later of (a) five (5) business days after the receipt of the
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rejection notice or (b) the last day on which the option is otherwise exercisable in accordance with the terms of the documents evidencing such option, but in no event may such rights be exercised more than ten (10) years after the option grant date.

C. The following terms shall govern the grant and exercise of limited stock appreciation rights:

(i) One or more Section 16 Insiders may be granted limited stock appreciation rights with respect to their outstanding options.

(ii) Upon the occurrence of a Hostile Take-Over, each individual holding one or more options with such a limited stock appreciation right shall have the unconditional right (exercisable for a thirty (30)-day period following such Hostile Take-Over) to surrender each such option to the Corporation. In return for the surrendered option, the Optionee shall receive a cash distribution from the Corporation in an amount equal to the excess of (A) the Take-Over Price of the shares of Common Stock at the time subject to such option (whether or not the option is otherwise at that time vested and exercisable for those shares) over (B) the aggregate exercise price payable for those shares. Such cash distribution shall be paid within five (5) days following the option surrender date.

(iii) At the time such limited stock appreciation right is granted, the Plan Administrator shall pre-approve any subsequent exercise of that right in accordance with the terms of this Paragraph C. Accordingly, no further approval of the Plan Administrator or the Board shall be required at the time of the actual option surrender and cash distribution.

ARTICLE THREE

SALARY INVESTMENT OPTION GRANT PROGRAM

I. OPTION GRANTS

The Primary Committee shall have the sole and exclusive authority to determine the calendar year or years (if any) for which the Salary Investment Option Grant Program is to be in effect and to select the Section 16 Insiders and other highly compensated Employees eligible to participate in the Salary Investment Option Grant Program for such calendar year or years. Each selected individual who elects to participate in the Salary Investment Option Grant Program must, prior to the start of each calendar year of participation, file with the Plan Administrator (or its designate) an irrevocable authorization directing the Corporation to reduce his or her base salary for that calendar year by an amount not less than Ten Thousand Dollars ($10,000.00) nor more than Fifty Thousand Dollars ($50,000.00). Each individual who files such a timely authorization shall automatically be granted an option under the Salary Investment Option Grant Program on the first trading day in January of the calendar year for which the salary reduction is to be in effect.

II. OPTION TERMS

Each option shall be a Non-Statutory Option evidenced by one or more documents in the form approved by the Plan Administrator; provided, however, that each such document shall comply with the terms specified below.

A. Exercise Price.

1. The exercise price per share shall be thirty-three and one-third percent (33-1/3%) of the Fair Market Value per share of Common Stock on the option grant date.

2. The exercise price shall become immediately due upon exercise of the option and shall be payable in one or more of the alternative forms authorized under the Discretionary Option Grant Program. Except to the extent the sale and remittance procedure specified thereunder is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. Number of Option Shares. The number of shares of Common Stock subject to the option shall be determined pursuant to the following formula (rounded down to the nearest whole number):

X = A / (B x 66-2/3%), where

X is the number of option shares,

A is the dollar amount by which the Optionee's base salary is to be reduced for the calendar year pursuant to his or her election under the Salary Investment Option Grant Program, and

B is the Fair Market Value per share of Common Stock on the option grant date.

C. Exercise and Term of Options. The option shall become exercisable in a series of twelve (12) successive equal monthly installments upon the Optionee's completion of each calendar month of Service in the calendar year for which the salary reduction is in effect. Each option shall have a maximum term of ten (10) years measured from the option grant date.

D. Effect of Termination of Service. Should the Optionee cease Service for any reason while holding one or more options under this Article Three, then each such option shall remain exercisable, for any or all of the shares for which the option is exercisable at the time of such cessation of Service, until the earlier of (i) the expiration of the ten (10)-year option term or (ii) the expiration of the three (3)-year period measured from the date of such cessation of Service. Should the Optionee die while holding one or more options under this Article Three, then each such option may be exercised, for any or all of the shares for which the option is exercisable at the time of the Optionee's cessation of Service (less any shares subsequently purchased by Optionee prior to death), by the personal representative of the Optionee's estate or by the person or persons to whom the option is transferred pursuant to the Optionee's will or the laws of inheritance or by the designated beneficiary or beneficiaries of the option. Such right of exercise shall lapse, and the option shall terminate, upon the earlier of (i) the expiration of the ten (10)-year option term or (ii) the three (3)-year period measured from the date of the Optionee's cessation of Service. However, the option shall, immediately upon the Optionee's cessation of Service for any reason, terminate and cease to remain outstanding with respect to any and all shares of Common Stock for which the option is not otherwise at that time exercisable.

III. CORPORATE TRANSACTION/ CHANGE IN CONTROL/ HOSTILE TAKE-OVER

A. In the event of any Corporate Transaction while the Optionee remains in Service, each outstanding option held by such Optionee under this Salary Investment Option Grant Program shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Corporate Transaction, become exercisable for all the shares of Common Stock at the time subject to such option and may be exercised for any or all of those shares as fully vested shares of Common Stock. Each such outstanding option shall terminate immediately following the Corporate Transaction, except to the extent assumed by the successor corporation (or parent thereof) in such Corporate Transaction. Any option so assumed shall remain exercisable for the fully vested shares until the earlier of (i) the expiration of the ten (10)-year option term or (ii) the expiration of the three (3)-year period measured from the date of the Optionee's cessation of Service.

B. In the event of a Change in Control while the Optionee remains in Service, each outstanding option held by such Optionee under this Salary Investment Option Grant Program shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Change in Control, become exercisable for all the shares of Common Stock at the time subject to such option and may be exercised for any or all of those shares as fully vested shares of Common Stock. The option shall remain so exercisable until the earliest to occur of (i) the expiration of the ten (10)-year option term, (ii) the expiration of the three (3)-year period measured from the date of the Optionee's cessation of Service, (iii) the termination of the option in connection with a Corporate Transaction or (iv) the surrender of the option in connection with a Hostile Take-Over.

C. Upon the occurrence of a Hostile Take-Over while the Optionee remains in Service, such Optionee shall have a thirty (30)-day period in which to surrender to the Corporation each outstanding option held by him or her under the Salary Investment Option Grant Program. The Optionee shall in return be entitled to a cash distribution from the Corporation in an amount equal to the excess of (i) the Take-Over Price of the shares of Common Stock at the time subject to the surrendered option (whether or not the option is otherwise at the time exercisable for those shares) over (ii) the aggregate exercise price payable for such shares. Such cash distribution shall be paid within five (5) days following the surrender of the option to the Corporation. The Primary Committee shall, at the time the option with such limited stock appreciation right is granted under the Salary Investment Option Grant Program, pre-approve any subsequent exercise of that right in accordance with the terms of this Paragraph C. Accordingly, no further approval of the Primary Committee or the Board shall be required at the time of the actual option surrender and cash distribution.

D. Each option which is assumed in connection with a Corporate Transaction shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments shall also be made to the exercise price payable per share under each outstanding option, provided the aggregate exercise price payable for such securities shall remain the same. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Corporate Transaction, the successor corporation may, in connection with the assumption of the outstanding options under the Salary Investment Option Grant Program, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Corporate Transaction.

E. The grant of options under the Salary Investment Option Grant Program shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

IV. REMAINING TERMS

The remaining terms of each option granted under the Salary Investment Option Grant Program shall be the same as the terms in effect for option grants made under the Discretionary Option Grant Program.

ARTICLE FOUR

STOCK ISSUANCE PROGRAM

I. STOCK ISSUANCE TERMS

Shares of Common Stock may be issued under the Stock Issuance Program through direct and immediate issuances without any intervening option grants. Each such stock issuance shall be evidenced by a Stock Issuance Agreement which complies with the terms specified below. Shares of Common Stock may also be issued under the Stock Issuance Program pursuant to share right awards which entitle the recipients to receive those shares upon the attainment of designated performance goals or the completion of specified Service requirements.

A. Purchase Price.

1. The purchase price per share shall be fixed by the Plan Administrator, but shall not be less than one hundred percent (100%) of the Fair Market Value per share of Common Stock on the issuance date.

2. Subject to the provisions of Section I of Article Seven, shares of Common Stock may be issued under the Stock Issuance Program for any of the following items of consideration which the Plan Administrator may deem appropriate in each individual instance :

(i) cash or check made payable to the Corporation, or

(ii) past services rendered to the Corporation (or any Parent or Subsidiary).

B. Vesting Provisions.

1. Shares of Common Stock issued under the Stock Issuance Program may, in the discretion of the Plan Administrator, be fully and immediately vested upon issuance or may vest in one or more installments over the Participant's period of Service or upon attainment of specified performance objectives. The elements of the vesting schedule applicable to any unvested shares of Common Stock issued under the Stock Issuance Program shall be determined by the Plan Administrator and incorporated into the Stock Issuance Agreement. Shares of Common Stock may also be issued under the Stock Issuance Program pursuant to share right awards which entitle the recipients to receive those shares upon the attainment of designated performance goals or the satisfaction of specified Service requirements.

2. Any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) which the Participant may have the right to receive with respect to the Participant's unvested shares of Common Stock by reason of any stock dividend, stock split, recapitalization, combination of shares, exchange of shares or

other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration shall be issued subject to (i) the same vesting requirements applicable to the Participant's unvested shares of Common Stock and (ii) such escrow arrangements as the Plan Administrator shall deem appropriate.

3. The Participant shall have full stockholder rights with respect to any shares of Common Stock issued to the Participant under the Stock Issuance Program, whether or not the Participant's interest in those shares is vested. Accordingly, the Participant shall have the right to vote such shares and to receive any regular cash dividends paid on such shares.

4. Should the Participant cease to remain in Service while holding one or more unvested shares of Common Stock issued under the Stock Issuance Program or should the performance objectives not be attained with respect to one or more such unvested shares of Common Stock, then those shares shall be immediately surrendered to the Corporation for cancellation, and the Participant shall have no further stockholder rights with respect to those shares. To the extent the surrendered shares were previously issued to the Participant for consideration paid in cash or cash equivalent (including the Participant's purchase-money indebtedness), the Corporation shall repay to the Participant the cash consideration paid for the surrendered shares and shall cancel the unpaid principal balance of any outstanding purchase-money note of the Participant attributable to the surrendered shares.

5. The Plan Administrator may in its discretion waive the surrender and cancellation of one or more unvested shares of Common Stock which would otherwise occur upon the cessation of the Participant's Service or the non-attainment of the performance objectives applicable to those shares. Such waiver shall result in the immediate vesting of the Participant's interest in the shares of Common Stock as to which the waiver applies. Such waiver may be effected at any time, whether before or after the Participant's cessation of Service or the attainment or non-attainment of the applicable performance objectives.

6. Outstanding share right awards under the Stock Issuance Program shall automatically terminate, and no shares of Common Stock shall actually be issued in satisfaction of those awards, if the performance goals or Service requirements established for such awards are not attained or satisfied. The Plan Administrator, however, shall have the discretionary authority to issue shares of Common Stock under one or more outstanding share right awards as to which the designated performance goals or Service requirements have not been attained or satisfied.

II. CORPORATE TRANSACTION/CHANGE IN CONTROL

A. All of the Corporation's outstanding repurchase rights under the Stock Issuance Program shall terminate automatically, and all the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Corporate Transaction, except to the extent (i) those repurchase rights are to be assigned to the successor corporation (or parent thereof) in connection with such Corporate Transaction or (ii) such accelerated vesting is precluded by other limitations imposed in the Stock Issuance Agreement.

B. The Plan Administrator shall have the discretionary authority to structure one or more of the Corporation's repurchase rights under the Stock Issuance Program so that those rights shall automatically terminate in whole or in part, and the shares of Common Stock subject to those terminated rights shall immediately vest, in the event the Participant's Service should subsequently terminate by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of any Corporate Transaction in which those repurchase rights are assigned to the successor corporation (or parent thereof).

C. The Plan Administrator shall also have the discretionary authority to structure one or more of the Corporation's repurchase rights under the Stock Issuance Program so that those rights shall automatically terminate in whole or in part, and the shares of Common Stock subject to those terminated rights shall immediately vest, either upon the occurrence of a Change in Control or upon the subsequent termination of the Participant's Service by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following the effective date of that Change in Control.

III. SHARE ESCROW/LEGENDS

Unvested shares may, in the Plan Administrator's discretion, be held in escrow by the Corporation until the Participant's interest in such shares vests or may be issued directly to the Participant with restrictive legends on the certificates evidencing those unvested shares.

ARTICLE FIVE

AUTOMATIC OPTION GRANT PROGRAM

I. OPTION TERMS

A. Grant Dates. Option grants shall be made on the dates specified below:

1. Each individual who is first elected or appointed as a non-employee Board member at any time on or after the Underwriting Date shall automatically be granted, on the date of such initial election or appointment, a Non-Statutory Option to purchase thirty two thousand (32,000) shares of Common Stock, provided that individual has not previously been in the employ of the Corporation or any Parent or Subsidiary.

2. On the date of each Annual Stockholders Meeting held after the Underwriting Date, each individual who is to continue to serve as a non-employee Board member, whether or not that individual is standing for re-election to the Board at that particular Annual Meeting, shall automatically be granted a Non-Statutory Option to purchase eight thousand (8,000) shares of Common Stock, provided such individual has served as a non-employee Board member for at least six (6) months. There shall be no limit on the number of such eight thousand (8,000)-share option grants any one non-employee Board member may receive over his or her period of Board service, and non-employee Board members who have previously been in the employ of the Corporation (or any Parent or Subsidiary) or who have otherwise received one or more stock option grants from the Corporation prior to the Underwriting Date shall be eligible to receive one or more such annual option grants over their period of continued Board service.

B. Exercise Price.

1. The exercise price per share shall be equal to one hundred percent (100%) of the Fair Market Value per share of Common Stock on the option grant date.

2. The exercise price shall be payable in one or more of the alternative forms authorized under the Discretionary Option Grant Program. Except to the extent the sale and remittance procedure specified thereunder is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

C. Option Term. Each option shall have a term of ten (10) years measured from the option grant date.

D. Exercise and Vesting of Options. Each option shall be immediately exercisable for any or all of the option shares. However, any unvested shares purchased under the option shall be subject to repurchase by the Corporation, at the exercise price paid per share, upon the Optionee's cessation of Board service prior to vesting in those shares. The shares subject to each initial thirty two thousand (32,000) -share grant shall vest, and the Corporation's

repurchase right shall lapse, in a series of four (4) successive equal annual installments upon the Optionee's completion of each year of service as a Board member over the four (4)-year period measured from the option grant date. The shares subject to each annual eight thousand (8,000)-share option grant shall vest in one installment upon the Optionee's completion of the one (1)-year period of service measured from the grant date.

E. Limited Transferability of Options. Each option under this Article Five may be assigned in whole or in part during the Optionee's lifetime to one or more members of the Optionee's family or to a trust established exclusively for one or more such family members or to Optionee's former spouse, to the extent such assignment is in connection with the Optionee's estate plan or pursuant to a domestic relations order. The assigned portion may only be exercised by the person or persons who acquire a proprietary interest in the option pursuant to the assignment. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Plan Administrator may deem appropriate. The Optionee may also designate one or more persons as the beneficiary or beneficiaries of his or her outstanding options under this Article Five, and those options shall, in accordance with such designation, automatically be transferred to such beneficiary or beneficiaries upon the Optionee's death while holding those options. Such beneficiary or beneficiaries shall take the transferred options subject to all the terms and conditions of the applicable agreement evidencing each such transferred option, including (without limitation) the limited time period during which the option may be exercised following the Optionee's death.

F. Termination of Board Service. The following provisions shall govern the exercise of any options held by the Optionee at the time the Optionee ceases to serve as a Board member:

(i) The Optionee (or, in the event of Optionee's death, the personal representative of the Optionee's estate or the person or persons to whom the option is transferred pursuant to the Optionee's will or the laws of inheritance or the designated beneficiary or beneficiaries of such option) shall have a twelve (12)-month period following the date of such cessation of Board service in which to exercise each such option.

(ii) During the twelve (12)-month exercise period, the option may not be exercised in the aggregate for more than the number of vested shares of Common Stock for which the option is exercisable at the time of the Optionee's cessation of Board service.

(iii) Should the Optionee cease to serve as a Board member by reason of death or Permanent Disability, then all shares at the time subject to the option shall immediately vest so that such option may, during the twelve (12)-month exercise period following such cessation of Board service, be exercised for any or all of those shares as fully vested shares of Common Stock.

(iv) In no event shall the option remain exercisable after the expiration of the option term. Upon the expiration of the twelve (12)-month exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the Optionee's cessation of Board service for any reason other than death or Permanent Disability, terminate and cease to be outstanding to the extent the option is not otherwise at that time exercisable for vested shares.

II. CORPORATE TRANSACTION/ CHANGE IN CONTROL/ HOSTILE TAKE-OVER

A. In the event of a Corporate Transaction while the Optionee remains a Board member, the shares of Common Stock at the time subject to each outstanding option held by such Optionee under this Automatic Option Grant Program but not otherwise vested shall automatically vest in full so that each such option shall, immediately prior to the effective date of the Corporate Transaction, become exercisable for all the option shares as fully vested shares of Common Stock and may be exercised for any or all of those vested shares. Immediately following the consummation of the Corporate Transaction, each automatic option grant shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof).

B. In the event of a Change in Control while the Optionee remains a Board member, the shares of Common Stock at the time subject to each outstanding option held by such Optionee under this Automatic Option Grant Program but not otherwise vested shall automatically vest in full so that each such option shall, immediately prior to the effective date of the Change in Control, become exercisable for all the option shares as fully vested shares of Common Stock and may be exercised for any or all of those vested shares. Each such option shall remain exercisable for such fully vested option shares until the expiration or sooner termination of the option term or the surrender of the option in connection with a Hostile Take-Over.

C. All outstanding repurchase rights under this under this Automatic Option Grant Program shall automatically terminate, and the shares of Common Stock subject to those terminated rights shall immediately vest in full, in the event of any Corporate Transaction or Change in Control.

D. Upon the occurrence of a Hostile Take-Over while the Optionee remains a Board member, such Optionee shall have a thirty (30)-day period in which to surrender to the Corporation each of his or her outstanding options under this Automatic Option Grant Program. The Optionee shall in return be entitled to a cash distribution from the Corporation in an amount equal to the excess of (i) the Take-Over Price of the shares of Common Stock at the time subject to each surrendered option (whether or not the Optionee is otherwise at the time vested in those

shares) over (ii) the aggregate exercise price payable for such shares. Such cash distribution shall be paid within five (5) days following the surrender of the option to the Corporation. No approval or consent of the Board or any Plan Administrator shall be required at the time of the actual option surrender and cash distribution.

E. Each option which is assumed in connection with a Corporate Transaction shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments shall also be made to the exercise price payable per share under each outstanding option, provided the aggregate exercise price

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payable for such securities shall remain the same. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Corporate Transaction, the successor corporation may, in connection with the assumption of the outstanding options under the Automatic Option Grant Program, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Corporate Transaction.

F. The grant of options under the Automatic Option Grant Program shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

III. REMAINING TERMS

The remaining terms of each option granted under the Automatic Option Grant Program shall be the same as the terms in effect for option grants made under the Discretionary Option Grant Program.

ARTICLE SIX

DIRECTOR FEE OPTION GRANT PROGRAM

I. OPTION GRANTS

The Primary Committee shall have the sole and exclusive authority to determine the calendar year or years for which the Director Fee Option Grant Program is to be in effect. For each such calendar year the program is in effect, each non-employee Board member may irrevocably elect to apply all or any portion of the annual retainer fee otherwise payable in cash for his or her service on the Board for that year to the acquisition of a special option grant under this Director Fee Option Grant Program. Such election must be filed with the Corporation's Chief Financial Officer prior to the first day of the calendar year for which the annual retainer fee which is the subject of that election is otherwise payable. Each non-employee Board member who files such a timely election shall automatically be granted an option under this Director Fee Option Grant Program on the first trading day in January in the calendar year for which the retainer fee election is in effect.

II. OPTION TERMS

Each option shall be a Non-Statutory Option governed by the terms and conditions specified below.

A. Exercise Price.

1. The exercise price per share shall be thirty-three and one-third percent (33-1/3%) of the Fair Market Value per share of Common Stock on the option grant date.

2. The exercise price shall become immediately due upon exercise of the option and shall be payable in one or more of the alternative forms authorized under the Discretionary Option Grant Program. Except to the extent the sale and remittance procedure specified thereunder is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. Number of Option Shares. The number of shares of Common Stock subject to the option shall be determined pursuant to the following formula (rounded down to the nearest whole number):

X = A / (B x 66-2/3%), where

X is the number of option shares,

A is the portion of the annual retainer fee subject to the non-employee Board member's election under this Director Fee Option Grant Program, and

B is the Fair Market Value per share of Common Stock on the option grant date.

C. Exercise and Term of Options. The option shall become exercisable in a series of twelve (12) equal monthly installments upon the Optionee's completion of each calendar month of Board service during the calendar year for which the retainer fee election is in effect. Each option shall have a maximum term of ten (10) years measured from the option grant date.

D. Limited Transferability of Options. Each option under this Article Six may be assigned in whole or in part during the Optionee's lifetime to one or more members of the Optionee's family or to a trust established exclusively for one or more such family members or to Optionee's former spouse, to the extent such assignment is in connection with Optionee's estate plan or pursuant to a domestic relations order. The assigned portion may only be exercised by the person or persons who acquire a proprietary interest in the option pursuant to the assignment. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Plan Administrator may deem appropriate. The Optionee may also designate one or more persons as the beneficiary or beneficiaries of his or her outstanding options under this Article Six, and those options shall, in accordance with such designation, automatically be transferred to such beneficiary or beneficiaries upon the Optionee's death while holding those options. Such beneficiary or beneficiaries shall take the transferred options subject to all the terms and conditions of the applicable agreement evidencing each such transferred option, including (without limitation) the limited time period during which the option may be exercised following the Optionee's death.

E. Termination of Board Service. Should the Optionee cease Board service for any reason (other than death or Permanent Disability) while holding one or more options under this Director Fee Option Grant Program, then each such option shall remain exercisable, for any or all of the shares for which the option is exercisable at the time of such cessation of Board service, until the earlier of (i) the expiration of the ten (10)-year option term or (ii) the
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expiration of the three (3)-year period measured from the date of such cessation of Board service. However, each option held by the Optionee under this Director Fee Option Grant Program at the time of his or her cessation of Board service shall immediately terminate and cease to remain outstanding with respect to any and all shares of Common Stock for which the option is not otherwise at that time exercisable.

F. Death or Permanent Disability. Should the Optionee's service as a Board member cease by reason of death or Permanent Disability, then each option held by such Optionee under this Director Fee Option Grant Program shall immediately become exercisable for all the shares of Common Stock at the time subject to that option, and the option may be exercised for any or all of those shares as fully vested shares until the earlier of (i) the expiration of the ten
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(10)-year option term or (ii) the expiration of the three (3)-year period measured from

the date of such cessation of Board service. To the extent such option is held by the Optionee at the time of his or death, that option may be exercised by the personal representative of the Optionee's estate or by the person or persons to whom the option is transferred pursuant to the Optionee's will or the laws of inheritance or by the designated beneficiary or beneficiaries of such option.

Should the Optionee die after cessation of Board service but while holding one or more options under this Director Fee Option Grant Program, then each such option may be exercised, for any or all of the shares for which the option is exercisable at the time of the Optionee's cessation of Board service (less any shares subsequently purchased by Optionee prior to death), by the personal representative of the Optionee's estate or by the person or persons to whom the option is transferred pursuant to the Optionee's will or the laws of inheritance or by the designated beneficiary or beneficiaries of such option. Such right of exercise shall lapse, and the option shall terminate, upon the earlier of (i) the expiration of the ten (10)-year option term or (ii) the three (3)-year period measured from the date of the Optionee's cessation of Board service.

III. CORPORATE TRANSACTION/CHANGE IN CONTROL/HOSTILE TAKE-OVER

A. In the event of any Corporate Transaction while the Optionee remains a Board member, each outstanding option held by such Optionee under this Director Fee Option Grant Program shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Corporate Transaction, become exercisable for all the shares of Common Stock at the time subject to such option and may be exercised for any or all of those shares as fully vested shares of Common Stock. Each such outstanding option shall terminate immediately following the Corporate Transaction, except to the extent assumed by the successor corporation (or parent thereof) in such Corporate Transaction. Any option so assumed and shall remain exercisable for the fully vested shares until the earliest to occur of (i) the expiration of the ten (10)-year option term, (ii) the expiration of the three (3)-year period measured from the date of the Optionee's cessation of Board service or (iii) the surrender of the option in connection with a Hostile Take-Over.

B. In the event of a Change in Control while the Optionee remains a Board member, each outstanding option held by such Optionee under this Director Fee Option Grant Program shall automatically accelerate so that each such option shall, immediately prior to the effective date of the Change in Control, become exercisable for all the shares of Common Stock at the time subject to such option and may be exercised for any or all of those shares as fully vested shares of Common Stock. The option shall remain so exercisable until the earliest to occur of (i) the expiration of the ten (10)-year option term, (ii) the expiration of the three (3)-year period measured from the date of the Optionee's cessation of Board service, (iii) the termination of the option in connection with a Corporate Transaction or (iv) the surrender of the option in connection with a Hostile Take-Over.

C. Upon the occurrence of a Hostile Take-Over while the Optionee remains a Board member, such Optionee shall have a thirty (30)-day period in which to surrender to the Corporation each outstanding option held by him or her under the Director Fee Option Grant Program. The Optionee shall in return be entitled to a cash distribution from the Corporation in an amount equal to the excess of (i) the Take-Over Price of the shares of Common Stock at the time subject to each surrendered option (whether or not the option is otherwise at the time exercisable for those shares) over (ii) the aggregate exercise price payable for such shares. Such cash distribution shall be paid within five (5) days following the surrender of the option to the Corporation. No approval or consent of the Board or any Plan Administrator shall be required at the time of the actual option surrender and cash distribution.

D. Each option which is assumed in connection with a Corporate Transaction shall be appropriately adjusted, immediately after such Corporate Transaction, to apply to the number and class of securities which would have been issuable to the Optionee in consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments shall also be made to the exercise price payable per share under each outstanding option, provided the aggregate exercise price

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payable for such securities shall remain the same. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Corporate Transaction, the successor corporation may, in connection with the assumption of the outstanding options under the Director Fee Option Grant Program, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Corporate Transaction.

E. The grant of options under the Director Fee Option Grant Program shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

IV. REMAINING TERMS

The remaining terms of each option granted under this Director Fee Option Grant Program shall be the same as the terms in effect for option grants made under the Discretionary Option Grant Program.

ARTICLE SEVEN

MISCELLANEOUS

I. FINANCING

The Plan Administrator may permit any Optionee or Participant to pay the option exercise price under the Discretionary Option Grant Program or the purchase price of shares issued under the Stock Issuance Program by delivering a full-recourse, interest-bearing promissory note payable in one or more installments. The terms of any such promissory note (including the interest rate and the terms of repayment) shall be established by the Plan Administrator in its sole discretion. In no event may the maximum credit available to the Optionee or Participant exceed the sum of (i) the aggregate option exercise price or purchase price payable for the purchased shares (less the par value of such shares) plus (ii) any Federal, state and local income and employment tax liability incurred by the Optionee or the Participant in connection with the option exercise or share purchase.

II. TAX WITHHOLDING

A. The Corporation's obligation to deliver shares of Common Stock upon the exercise of options or the issuance or vesting of such shares under the Plan shall be subject to the satisfaction of all applicable Federal, state and local income and employment tax withholding requirements.

B. The Plan Administrator may, in its discretion, provide any or all holders of Non-Statutory Options or unvested shares of Common Stock under the Plan (other than the options granted or the shares issued under the Automatic Option Grant or Director Fee Option Grant Program) with the right to use shares of Common Stock in satisfaction of all or part of the Withholding Taxes to which such holders may become subject in connection with the exercise of their options or the vesting of their shares. Such right may be provided to any such holder in either or both of the following formats:

Stock Withholding: The election to have the Corporation withhold, from the shares of Common Stock otherwise issuable upon the exercise of such Non-Statutory Option or the vesting of such shares, a portion of those shares with an aggregate Fair Market Value equal to the percentage of the Withholding Taxes (not to exceed one hundred percent (100%)) designated by the holder.

Stock Delivery: The election to deliver to the Corporation, at the time the Non-Statutory Option is exercised or the shares vest, one or more shares of Common Stock previously acquired by such holder (other than in connection with the option exercise or share vesting triggering the Withholding Taxes) with an aggregate Fair Market Value equal to the percentage of the Withholding Taxes (not to exceed one hundred percent (100%)) designated by the holder.

III. EFFECTIVE DATE AND TERM OF THE PLAN

A. The Plan shall become effective immediately on the Plan Effective Date. However, the Salary Investment Option Grant Program and the Director Fee Option Grant Program shall not be implemented until such time as the Primary Committee may deem appropriate. Options may be granted under the Discretionary Option Grant at any time on or after the Plan Effective Date, and the initial option grants under the Automatic Option Grant Program shall also be made on the Plan Effective Date to any non-employee Board members eligible for such grants at that time. However, no options granted under the Plan may be exercised, and no shares shall be issued under the Plan, until the Plan is approved by the Corporation's stockholders. If such stockholder approval is not obtained within twelve (12) months after the Plan Effective Date, then all options previously granted under this Plan shall terminate and cease to be outstanding, and no further options shall be granted and no shares shall be issued under the Plan.

B. The Plan shall serve as the successor to the Predecessor Plan, and no further option grants or direct stock issuances shall be made under the Predecessor Plan after the Plan Effective Date. All options outstanding under the Predecessor Plan on the Plan Effective Date shall be transferred to the Plan at that time and shall be treated as outstanding options under the Plan. However, each outstanding option so transferred shall continue to be governed solely by the terms of the documents evidencing such option, and no provision of the Plan shall be deemed to affect or otherwise modify the rights or obligations of the holders of such transferred options with respect to their acquisition of shares of Common Stock.

C. One or more provisions of the Plan, including (without limitation) the option/vesting acceleration provisions of Article Two relating to Corporate Transactions and Changes in Control, may, in the Plan Administrator's discretion, be extended to one or more options incorporated from the Predecessor Plan which do not otherwise contain such provisions.

D. The Plan shall terminate upon the earliest to occur of (i) December 31, 2010, (ii) the date on which all shares available for issuance under the Plan shall have been issued as fully vested shares or (iii) the termination of all outstanding options in connection with a Corporate Transaction. Should the Plan terminate on December 31, 2010, then all option grants and unvested stock issuances outstanding at that time shall continue to have force and effect in accordance with the provisions of the documents evidencing such grants or issuances.

IV. AMENDMENT OF THE PLAN

A. The Board shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects. However, no such amendment or modification shall adversely affect the rights and obligations with respect to stock options or unvested stock issuances at the time outstanding under the Plan unless the Optionee or the Participant consents to such amendment or modification. In addition, certain amendments may require stockholder approval pursuant to applicable laws or regulations.

B. Options to purchase shares of Common Stock may be granted under the Discretionary Option Grant and Salary Investment Option Grant Programs and shares of Common Stock may be issued under the Stock Issuance Program that are in each instance in excess of the number of shares then available for issuance under the Plan, provided any excess shares actually issued under those programs shall be held in escrow until there is obtained stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock available for issuance under the Plan. If such stockholder approval is not obtained within twelve (12) months after the date the first such excess issuances are made, then (i) any unexercised options granted on the basis of such excess shares shall terminate and cease to be outstanding and (ii) the Corporation shall promptly refund to the Optionees and the Participants the exercise or purchase price paid for any excess shares issued under the Plan and held in escrow, together with interest (at the applicable Short Term Federal Rate) for the period the shares were held in escrow, and such shares shall thereupon be automatically cancelled and cease to be outstanding.

V. USE OF PROCEEDS

Any cash proceeds received by the Corporation from the sale of shares of Common Stock under the Plan shall be used for general corporate purposes.

VI. REGULATORY APPROVALS

A. The implementation of the Plan, the granting of any stock option under the Plan and the issuance of any shares of Common Stock (i) upon the exercise of any granted option or (ii) under the Stock Issuance Program shall be subject to the Corporation's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the stock options granted under it and the shares of Common Stock issued pursuant to it.

B. No shares of Common Stock or other assets shall be issued or delivered under the Plan unless and until there shall have been compliance with all applicable requirements of Federal and state securities laws, including the filing and effectiveness of the Form S-8 registration statement for the shares of Common Stock issuable under the Plan, and all applicable listing requirements of any stock exchange (or the Nasdaq National Market, if applicable) on which Common Stock is then listed for trading.

VII. NO EMPLOYMENT/SERVICE RIGHTS

Nothing in the Plan shall confer upon the Optionee or the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining such person) or of the Optionee or the Participant, which rights are hereby expressly reserved by each, to terminate such person's Service at any time for any reason, with or without cause.

APPENDIX

The following definitions shall be in effect under the Plan:

A. Automatic Option Grant Program shall mean the automatic option grant program in effect under Article Five of the Plan.

B. Board shall mean the Corporation's Board of Directors.

C. Change in Control shall mean a change in ownership or control of the Corporation effected through either of the following transactions:

(i) the acquisition, directly or indirectly by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation), of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders, or

(ii) a change in the composition of the Board over a period of thirty-six (36) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

D. Code shall mean the Internal Revenue Code of 1986, as amended.

E. Common Stock shall mean the Corporation's common stock.

F. Corporate Transaction shall mean either of the following stockholder-approved transactions to which the Corporation is a party:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing more than fifty percent (50%) of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction, or

(ii) the sale, transfer or other disposition of all or substantially all of the Corporation's assets in complete liquidation or dissolution of the Corporation.

G. Corporation shall mean Align Technology, Inc., a Delaware corporation, and any corporate successor to all or substantially all of the assets or voting stock of Align Technology, Inc. which shall by appropriate action adopt the Plan.

H. Director Fee Option Grant Program shall mean the special stock option grant in effect for non-employee Board members under Article Six of the Plan.

I. Discretionary Option Grant Program shall mean the discretionary option grant program in effect under Article Two of the Plan.

J. Employee shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

K. Exercise Date shall mean the date on which the Corporation shall have received written notice of the option exercise.

L. Fair Market Value per share of Common Stock on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Stock is at the time traded on the Nasdaq National Market, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as such price is reported by the National Association of Securities Dealers on the Nasdaq National Market and published in The Wall Street Journal. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange and published in The Wall Street Journal. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) For purposes of any option grants made on the Underwriting Date, the Fair Market Value shall be deemed to be equal to the price per share at which the Common Stock is to be sold in the initial public offering pursuant to the Underwriting Agreement.

M. Hostile Take-Over shall mean the acquisition, directly or indirectly, by any person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders which the Board does not recommend such stockholders to accept.

N. Incentive Option shall mean an option which satisfies the requirements of Code Section 422.

O. Involuntary Termination shall mean the termination of the Service of any individual which occurs by reason of:

(i) such individual's involuntary dismissal or discharge by the Corporation for reasons other than Misconduct, or

(ii) such individual's voluntary resignation following (A) a change in his or her position with the Corporation which materially reduces his or her duties and responsibilities or the level of management to which he or she reports, (B) a reduction in his or her level of compensation (including base salary, fringe benefits and target bonus under any corporate-performance based bonus or incentive programs) by more than fifteen percent (15%) or (C) a relocation of such individual's place of employment by more than fifty (50) miles, provided and only if such change, reduction or relocation is effected by the Corporation without the individual's consent.

P. Misconduct shall mean the commission of any act of fraud, embezzlement or dishonesty by the Optionee or Participant, any unauthorized use or disclosure by such person of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other intentional misconduct by such person adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner. The foregoing definition shall not in any way preclude or restrict the right of the Corporation (or any Parent or Subsidiary) to discharge or dismiss any Optionee, Participant or other person in the Service of the Corporation (or any Parent or Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan, to constitute grounds for termination for Misconduct.

Q. 1934 Act shall mean the Securities Exchange Act of 1934, as amended.

R. Non-Statutory Option shall mean an option not intended to satisfy the requirements of Code Section 422.

S. Optionee shall mean any person to whom an option is granted under the Discretionary Option Grant, Salary Investment Option Grant, Automatic Option Grant or Director Fee Option Grant Program.

T. Parent shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

U. Participant shall mean any person who is issued shares of Common Stock under the Stock Issuance Program.

V. Permanent Disability or Permanently Disabled shall mean the inability of the Optionee or the Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more. However, solely for purposes of the Automatic Option Grant and Director Fee Option Grant Programs, Permanent Disability or Permanently Disabled shall mean the inability of the non-employee Board member to perform his or her usual duties as a Board member by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

W. Plan shall mean the Corporation's 2001 Stock Incentive Plan, as set forth in this document.

X. Plan Administrator shall mean the particular entity, whether the Primary Committee, the Board or the Secondary Committee, which is authorized to administer the Discretionary Option Grant and Stock Issuance Programs with respect to one or more classes of eligible persons, to the extent such entity is carrying out its administrative functions under those programs with respect to the persons under its jurisdiction.

Y. Plan Effective Date shall mean the date the Plan shall become effective and shall be coincident with the Underwriting Date.

Z. Predecessor Plan shall mean the Corporation's 1997 Equity Incentive Plan as in effect immediately prior to the Plan Effective Date hereunder.

AA. Primary Committee shall mean the committee of two (2) or more non-employee Board members appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to Section 16 Insiders and to administer the Salary Investment Option Grant Program solely with respect to the selection of the eligible individuals who may participate in such program.

BB. Salary Investment Option Grant Program shall mean the salary investment option grant program in effect under Article Three of the Plan.

CC. Secondary Committee shall mean a committee of one or more Board members appointed by the Board to administer the Discretionary Option Grant and Stock Issuance Programs with respect to eligible persons other than Section 16 Insiders.

DD. Section 16 Insider shall mean an officer or director of the Corporation subject to the short-swing profit liabilities of Section 16 of the 1934 Act.

EE. Service shall mean the performance of services for the Corporation (or any Parent or Subsidiary) by a person in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor, except to the extent otherwise specifically provided in the documents evidencing the option grant or stock issuance.

FF. Stock Exchange shall mean either the American Stock Exchange or the New York Stock Exchange.

GG. Stock Issuance Agreement shall mean the agreement entered into by the Corporation and the Participant at the time of issuance of shares of Common Stock under the Stock Issuance Program.

HH. Stock Issuance Program shall mean the stock issuance program in effect under Article Four of the Plan.

II. Subsidiary shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

JJ. Take-Over Price shall mean the greater of (i) the Fair Market Value per share of Common Stock on the date the option is surrendered to the Corporation in connection with a Hostile Take-Over or (ii) the highest reported price per share of Common Stock paid by the tender offeror in effecting such Hostile Take-Over. However, if the surrendered option is an Incentive Option, the Take-Over Price shall not exceed the clause (i) price per share.

KK. 10% Stockholder shall mean the owner of stock (as determined under Code Section 424(d)) possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation (or any Parent or Subsidiary).

LL. Underwriting Agreement shall mean the agreement between the Corporation and the underwriter or underwriters managing the initial public offering of the Common Stock.

MM. Underwriting Date shall mean the date on which the Underwriting Agreement is executed and priced in connection with an initial public offering of the Common Stock.

NN. Withholding Taxes shall mean the Federal, state and local income and employment withholding taxes to which the holder of Non-Statutory Options or unvested shares of Common Stock may become subject in connection with the exercise of those options or the vesting of those shares.

EXHIBIT 10.14

ALIGN TECHNOLOGY, INC.

EMPLOYEE STOCK PURCHASE PLAN

I. PURPOSE OF THE PLAN

This Employee Stock Purchase Plan is intended to promote the interests of Align Technology, Inc., a Delaware corporation, by providing eligible employees with the opportunity to acquire a proprietary interest in the Corporation through participation in a payroll deduction-based employee stock purchase plan designed to qualify under Section 423 of the Code.

Capitalized terms herein shall have the meanings assigned to such terms in the attached Appendix.

II. ADMINISTRATION OF THE PLAN

The Plan Administrator shall have full authority to interpret and construe any provision of the Plan and to adopt such rules and regulations for administering the Plan as it may deem necessary in order to comply with the requirements of Code Section 423. Decisions of the Plan Administrator shall be final and binding on all parties having an interest in the Plan.

III. STOCK SUBJECT TO PLAN

A. The stock purchasable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares of Common Stock purchased on the open market. The number of shares of Common Stock initially reserved for issuance over the term of the Plan shall be limited to one million five hundred thousand (1,500,000) shares.

B. The number of shares of Common Stock available for issuance under the Plan shall automatically increase on the first trading day of January each calendar year during the term of the Plan, beginning with calendar year 2001, by an amount equal to three percent (3%) of the total number of shares of Common Stock outstanding on the last trading day in December of the immediately preceding calendar year, but in no event shall any such annual increase exceed 1,000,000 shares.

C. Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the maximum number and class of securities issuable under the Plan, (ii) the maximum number and class of securities purchasable per Participant on any one Purchase Date, (iii) the maximum number and class of securities purchasable in total by all Participants on any one Purchase Date, (iv) the maximum number

and/or class of securities by which the share reserve is to increase automatically each calendar year pursuant to the provisions of Section III.B of this Article One and (v) the number and class of securities and the price per share in effect under each outstanding purchase right in order to prevent the dilution or enlargement of benefits thereunder.

IV. OFFERING PERIODS

A. Shares of Common Stock shall be offered for purchase under the Plan through a series of overlapping offering periods until such time as (i) the maximum number of shares of Common Stock available for issuance under the Plan shall have been purchased or (ii) the Plan shall have been sooner terminated.

B. Each offering period shall be of such duration (not to exceed twenty-four (24) months) as determined by the Plan Administrator prior to the start date of such offering period. Offering periods shall commence at semi-annual intervals on the first business day of February and August each year over the term of the Plan. Accordingly, two (2) separate offering periods shall commence in each calendar year the Plan remains in existence. However, the initial offering period shall commence at the Effective Time and terminate on the last business day in January 2003.

C. Each offering period shall consist of a series of one or more successive Purchase Intervals. Purchase Intervals shall run from the first business day in February to the last business day in July each year and from the first business day in August each year to the last business day in January in the following year. However, the first Purchase Interval in effect under the initial offering period shall commence at the Effective Time and terminate on the last business day in July 2001.

D. Should the Fair Market Value per share of Common Stock on any Purchase Date within a particular offering period be less than the Fair Market Value per share of Common Stock on the start date of that offering period, then the individuals participating in such offering period shall, immediately after the purchase of shares of Common Stock on their behalf on such Purchase Date, be transferred from that offering period and automatically enrolled in the next offering period commencing after such Purchase Date.

V. ELIGIBILITY

A. Each individual who is an Eligible Employee on the start date of any offering period under the Plan may enter that offering period on such start date. However, an Eligible Employees may participate in only one offering period at a time. For the initial offering period commencing at the Effective Time, each individual who is an Eligible Employee at that time shall automatically be enrolled as a Participant with a contribution rate equal to fifteen percent (15%) of his or her Cash Earnings.

B. Except as otherwise provided in Sections IV.D and V.A above, an Eligible Employee must, in order to participate in the Plan for a particular offering period, complete the enrollment forms prescribed by the Plan Administrator (including a stock purchase agreement and a payroll deduction authorization) and file such forms with the Plan Administrator (or its designate) on or before the start date of that offering period.

VI. PAYROLL DEDUCTIONS

A. The payroll deduction authorized by the Participant for purposes of acquiring shares of Common Stock during an offering period may be any multiple of one percent (1%) of the Cash Earnings paid to the Participant during each Purchase Interval within that offering period, up to a maximum of fifteen percent (15%). The deduction rate so authorized shall continue in effect throughout the offering period, except to the extent such rate is changed in accordance with the following guidelines:

(i) The Participant may, at any time during the offering period, reduce his or her rate of payroll deduction (or to the extent applicable, the percentage of Cash Earnings to serve as his or her lump sum contribution for the initial Purchase Interval of the first offering period) to become effective as soon as possible after filing the appropriate form with the Plan Administrator. The Participant may not, however, effect more than one (1) such reduction per Purchase Interval.

(ii) The Participant may, prior to the commencement of any new Purchase Interval within the offering period, increase the rate of his or her payroll deduction by filing the appropriate form with the Plan Administrator. The new rate (which may not exceed the fifteen percent (15%) maximum) shall become effective on the start date of the first Purchase Interval following the filing of such form.

B. Payroll deductions shall begin on the first pay day administratively feasible following the start date of the offering period and shall (unless sooner terminated by the Participant) continue through the pay day ending with or immediately prior to the last day of that offering period. The amounts so collected shall be credited to the Participant's book account under the Plan, but no interest shall be paid on the balance from time to time outstanding in such account. The amounts collected from the Participant shall not be required to be held in any segregated account or trust fund and may be commingled with the general assets of the Corporation and used for general corporate purposes.

C. For the initial Purchase Interval of the first offering period under the Plan, no payroll deductions shall be required of the Participant until such time as the Participant affirmatively elects to commence such payroll deductions following his or her receipt of the 1993 Act prospectus for the Plan. In the absence of such payroll deductions, the Participant will

be required to contribute the applicable percentage of his or her Cash Earnings to the Plan in a lump sum payment immediately prior to the close of that Purchase Interval should the Participant elect to have shares of Common Stock purchased on his or her behalf on the Purchase Date for that initial Purchase Interval.

D. Payroll deductions shall automatically cease upon the termination of the Participant's purchase right in accordance with the provisions of the Plan.

E. The Participant's acquisition of Common Stock under the Plan on any Purchase Date shall neither limit nor require the Participant's acquisition of Common Stock on any subsequent Purchase Date, whether within the same or a different offering period.

VII. PURCHASE RIGHTS

A. Grant of Purchase Rights. A Participant shall be granted a separate purchase right for each offering period in which he or she is enrolled. The purchase right shall be granted on the start date of the offering period and shall provide the Participant with the right to purchase shares of Common Stock, in a series of successive installments during that offering period, upon the terms set forth below. The Participant shall execute a stock purchase agreement embodying such terms and such other provisions (not inconsistent with the Plan) as the Plan Administrator may deem advisable.

Under no circumstances shall purchase rights be granted under the Plan to any Eligible Employee if such individual would, immediately after the grant, own (within the meaning of Code Section 424(d)) or hold outstanding options or other rights to purchase, stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Corporation or any Corporate Affiliate.

B. Exercise of the Purchase Right. Each purchase right shall be automatically exercised in installments on each successive Purchase Date within the offering period, and shares of Common Stock shall accordingly be purchased on behalf of each Participant on each such Purchase Date. The purchase shall be effected by applying the Participant's payroll deductions (or, to the extent applicable, his or her lump sum contribution) for the Purchase Interval ending on such Purchase Date to the purchase of whole shares of Common Stock at the purchase price in effect for the Participant for that Purchase Date.

C. Purchase Price. The purchase price per share at which Common Stock will be purchased on the Participant's behalf on each Purchase Date within the particular offering period in which he or she is enrolled shall be equal to eighty-five percent (85%) of the lower of (i) the Fair Market Value per share of Common Stock on the start date of that offering period or (ii) the Fair Market Value per share of Common Stock on that Purchase Date.

D. Number of Purchasable Shares. The number of shares of Common Stock purchasable by a Participant on each Purchase Date during the particular offering period in which he or she is enrolled shall be the number of whole shares obtained by dividing the amount collected from the Participant through payroll deductions during the Purchase Interval ending with that Purchase Date (or, to the extent applicable, his or her lump sum contribution for that Purchase Interval) by the purchase price in effect for the Participant for that Purchase Date. However, the maximum number of shares of Common Stock purchasable per Participant on any one Purchase Date shall not exceed 2,500 shares, subject to periodic adjustments in the event of certain changes in the Corporation's capitalization. In addition, the maximum number of shares of Common Stock purchasable in total by all Participants in the Plan on any one Purchase Date shall not exceed 125,000 shares, subject to periodic adjustments in the event of certain changes in the Corporation's capitalization. However, the Plan Administrator shall have the discretionary authority, exercisable prior to the start of any offering period under the Plan, to increase or decrease the limitations to be in effect for the number of shares purchasable per Participant and in total by all Participants enrolled in that particular offering period on each Purchase Date which occurs during that offering period.

E. Excess Payroll Deductions. Any payroll deductions not applied to the purchase of shares of Common Stock on any Purchase Date because they are not sufficient to purchase a whole share of Common Stock shall be held for the purchase of Common Stock on the next Purchase Date. However, any payroll deductions not applied to the purchase of Common Stock by reason of the limitation on the maximum number of shares purchasable per Participant or in total by all Participants on the Purchase Date shall be promptly refunded.

F. Termination of Purchase Right. The following provisions shall govern the termination of outstanding purchase rights:

(i) A Participant may, at any time prior to the next scheduled Purchase Date in the offering period in which he or she is enrolled, terminate his or her outstanding purchase right by filing the appropriate form with the Plan Administrator (or its designate), and no further payroll deductions shall be collected from the Participant with respect to the terminated purchase right. Any payroll deductions collected during the Purchase Interval in which such termination occurs shall, at the Participant's election, be immediately refunded or held for the purchase of shares on the next Purchase Date. If no such election is made at the time such purchase right is terminated, then the payroll deductions collected with respect to the terminated right shall be refunded as soon as possible.

(ii) The termination of such purchase right shall be irrevocable, and the Participant may not subsequently rejoin the offering period for which the terminated purchase right was granted. In order to resume participation in any subsequent offering period, such individual must re-enroll in the Plan (by making a timely filing of the prescribed enrollment forms) on or before the start date of that offering period.

(iii) Should the Participant cease to remain an Eligible Employee for any reason (including death, disability or change in status) while his or her purchase right remains outstanding, then that purchase right shall immediately terminate, and all of the Participant's payroll deductions for the Purchase Interval in which the purchase right so terminates shall be immediately refunded. However, should the Participant cease to remain in active service by reason of an approved unpaid leave of absence, then the Participant shall have the right, exercisable up until the last business day of the Purchase Interval in which such leave commences, to (a) withdraw all the payroll deductions collected to date on his or her behalf for that Purchase Interval or (b) have such funds held for the purchase of shares on his or her behalf on the next scheduled Purchase Date. In no event, however, shall any further payroll deductions be collected on the Participant's behalf during such leave. Upon the Participant's return to active service (x) within ninety (90) days following the commencement of such leave or (y) prior to the expiration of any longer period for which such Participant's right to reemployment with the Corporation is guaranteed by statute or contract, his or her payroll deductions under the Plan shall automatically resume at the rate in effect at the time the leave began, unless the Participant withdraws from the Plan prior to his or her return. An individual who returns to active employment following a leave of absence that exceeds in duration the applicable (x) or (y) time period will be treated as a new Employee for purposes of subsequent participation in the Plan and must accordingly re-enroll in the Plan (by making a timely filing of the prescribed enrollment forms) on or before the start date of any subsequent offering period in which he or she wishes to participate.

G. Change in Control. Each outstanding purchase right shall automatically be exercised, immediately prior to the effective date of any Change in Control, by applying the payroll deductions of each Participant for the Purchase Interval in which such Change in Control occurs to the purchase of whole shares of Common Stock at a purchase price per share equal to eighty-five percent (85%) of the lower of (i) the Fair Market Value per share of Common Stock on the start date of the offering period in which such individual is enrolled at the time of such Change in Control or (ii) the Fair Market Value per share of Common Stock immediately prior to the effective date of such Change in Control. However, the applicable limitation on the number of shares of Common Stock purchasable per Participant shall continue to apply to any such purchase, but not the limitation applicable to the maximum number of shares of Common Stock purchasable in total by all Participants on any one Purchase Date.

The Corporation shall use its best efforts to provide at least ten (10) days' prior written notice of the occurrence of any Change in Control, and Participants shall, following the receipt of such notice, have the right to terminate their outstanding purchase rights prior to the effective date of the Change in Control.

H. Proration of Purchase Rights. Should the total number of shares of Common Stock to be purchased pursuant to outstanding purchase rights on any particular date exceed the number of shares then available for issuance under the Plan, the Plan Administrator shall make a pro-rata allocation of the available shares on a uniform and nondiscriminatory basis, and the payroll deductions of each Participant, to the extent in excess of the aggregate purchase price payable for the Common Stock pro-rated to such individual, shall be refunded.

I. Assignability. The purchase right shall be exercisable only by the Participant and shall not be assignable or transferable by the Participant.

J. Stockholder Rights. A Participant shall have no stockholder rights with respect to the shares subject to his or her outstanding purchase right until the shares are purchased on the Participant's behalf in accordance with the provisions of the Plan and the Participant has become a holder of record of the purchased shares.

VIII. ACCRUAL LIMITATIONS

A. No Participant shall be entitled to accrue rights to acquire Common Stock pursuant to any purchase right outstanding under this Plan if and to the extent such accrual, when aggregated with (i) rights to purchase Common Stock accrued under any other purchase right granted under this Plan and (ii) similar rights accrued under other employee stock purchase plans (within the meaning of Code Section 423)) of the Corporation or any Corporate Affiliate, would otherwise permit such Participant to purchase more than Twenty-Five Thousand Dollars ($25,000.00) worth of stock of the Corporation or any Corporate Affiliate (determined on the basis of the Fair Market Value per share on the date or dates such rights are granted) for each calendar year such rights are at any time outstanding.

B. For purposes of applying such accrual limitations to the purchase rights granted under the Plan, the following provisions shall be in effect:

(i) The right to acquire Common Stock under each outstanding purchase right shall accrue in a series of installments on each successive Purchase Date during the offering period in which such right remains outstanding.

(ii) No right to acquire Common Stock under any outstanding purchase right shall accrue to the extent the Participant has already accrued in the same calendar year the right to acquire Common Stock under one or more other purchase rights at a rate equal to Twenty-Five Thousand Dollars ($25,000.00) worth of Common Stock (determined on the basis of the Fair Market Value per share on the date or dates of grant) for each calendar year such rights were at any time outstanding.

C. If by reason of such accrual limitations, any purchase right of a Participant does not accrue for a particular Purchase Interval, then the payroll deductions that the Participant made during that Purchase Interval with respect to such purchase right shall be promptly refunded.

D. In the event there is any conflict between the provisions of this Article and one or more provisions of the Plan or any instrument issued thereunder, the provisions of this Article shall be controlling.

IX. EFFECTIVE DATE AND TERM OF THE PLAN

A. The Plan was adopted by the Board on August 24, 2000, and shall become effective at the Effective Time, provided no purchase rights granted under the Plan shall be exercised, and no shares of Common Stock shall be issued hereunder, until (i) the Plan shall have been approved by the stockholders of the Corporation and (ii) the Corporation shall have complied with all applicable requirements of the 1933 Act (including the registration of the shares of Common Stock issuable under the Plan on a Form S-8 registration statement filed with the Securities and Exchange Commission), all applicable listing requirements of any stock exchange (or the Nasdaq National Market, if applicable) on which the Common Stock is listed for trading and all other applicable requirements established by law or regulation. In the event such stockholder approval is not obtained, or such compliance is not effected, within twelve (12) months after the date on which the Plan is adopted by the Board, the Plan shall terminate and have no further force or effect, and all sums collected from Participants during the initial offering period hereunder shall be refunded.

B. Unless sooner terminated by the Board, the Plan shall terminate upon the earliest of (i) the last business day in January 2011, (ii) the date on which all shares available for issuance under the Plan shall have been sold pursuant to purchase rights exercised under the Plan or (iii) the date on which all purchase rights are exercised in connection with a Change in Control. No further purchase rights shall be granted or exercised, and no further payroll deductions shall be collected, under the Plan following such termination.

X. AMENDMENT OF THE PLAN

A. The Board may alter, amend, suspend or terminate the Plan at any time to become effective immediately following the close of any Purchase Interval. However, the Plan may be amended or terminated immediately upon Board action, if and to the extent necessary to assure that the Corporation will not recognize, for financial reporting purposes, any compensation expense in connection with the shares of Common Stock offered for purchase under the Plan, should the financial accounting rules applicable to the Plan at the Effective Time be subsequently revised so as to require the Corporation to recognize compensation expense in the absence of such amendment or termination.

B. In no event may the Board effect any of the following amendments or revisions to the Plan without the approval of the Corporation's stockholders: (i) increase the number of shares of Common Stock issuable under the Plan, except for permissible adjustments in the event of certain changes in the Corporation's capitalization, (ii) alter the purchase price formula so as to reduce the purchase price payable for the shares of Common Stock purchasable under the Plan or (iii) modify the eligibility requirements for participation in the Plan.

XI. GENERAL PROVISIONS

A. All costs and expenses incurred in the administration of the Plan shall be paid by the Corporation; however, each Plan Participant shall bear all costs and expenses incurred by such individual in the sale or other disposition of any shares purchased under the Plan.

B. Nothing in the Plan shall confer upon the Participant any right to continue in the employ of the Corporation or any Corporate Affiliate for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Corporate Affiliate employing such person) or of the Participant, which rights are hereby expressly reserved by each, to terminate such person's employment at any time for any reason, with or without cause.

C. The provisions of the Plan shall be governed by the laws of the State of California without resort to that State's conflict-of-laws rules.

Schedule A

Corporations Participating in
Employee Stock Purchase Plan
As of the Effective Time

Align Technology, Inc.

APPENDIX

The following definitions shall be in effect under the Plan:

A. Board shall mean the Corporation's Board of Directors.

B. Cash Earnings shall mean (i) the regular base salary paid to a Participant by one or more Participating Companies during such individual's period of participation in one or more offering periods under the Plan plus (ii) all overtime payments, bonuses, commissions, profit-sharing distributions or other incentive-type payments received during such period. Such Cash Earnings shall be calculated before deduction of (A) any income or employment tax withholdings or (B) any contributions made by the Participant to any Code Section 401(k) salary deferral plan or any Code Section 125 cafeteria benefit program now or hereafter established by the Corporation or any Corporate Affiliate. However, Cash Earnings shall not include any contributions made by the Corporation or any Corporate Affiliate on the Participant's behalf to any employee benefit or welfare plan now or hereafter established (other than Code Section 401(k) or Code Section 125 contributions deducted from such Cash Earnings).

C. Change in Control shall mean a change in ownership of the Corporation pursuant to any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing more than fifty percent (50%) of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction, or

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Corporation in complete liquidation or dissolution of the Corporation, or

(iii) the acquisition, directly or indirectly, by a person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by or is under common control with the Corporation) of beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities pursuant to a tender or exchange offer made directly to the Corporation's stockholders.

D. Code shall mean the Internal Revenue Code of 1986, as amended.

E. Common Stock shall mean the Corporation's common stock.

F. Corporate Affiliate shall mean any parent or subsidiary corporation of the Corporation (as determined in accordance with Code Section 424), whether now existing or subsequently established.

G. Corporation shall mean Align Technology, Inc., a Delaware corporation, and any corporate successor to all or substantially all of the assets or voting stock of Align Technology, Inc. that shall by appropriate action adopt the Plan.

H. Effective Time shall mean the time at which the Underwriting Agreement is executed and the Common Stock priced for the initial public offering of such Common Stock. Any Corporate Affiliate that becomes a Participating Corporation after such Effective Time shall designate a subsequent Effective Time with respect to its employee-Participants.

I. Eligible Employee shall mean any person who is employed by a Participating Corporation on a basis under which he or she is regularly expected to render more than twenty (20) hours of service per week for more than five (5) months per calendar year for earnings considered wages under Code Section 3401 (a).

J. Fair Market Value per share of Common Stock on any relevant date shall be determined in accordance with the following provisions:

(i) If the Common Stock is at the time traded on the Nasdaq National Market, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as such price is reported by the National Association of Securities Dealers on the Nasdaq National Market and published in The Wall Street Journal. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange and published in The Wall Street Journal. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) For purposes of the initial offering period that begins at the Effective Time, the Fair Market Value shall be deemed to be equal to the price per share at which the Common Stock is sold in the initial public offering pursuant to the Underwriting Agreement.

K. 1933 Act shall mean the Securities Act of 1933, as amended.

L. Participant shall mean any Eligible Employee of a Participating Corporation who is actively participating in the Plan.

M. Participating Corporation shall mean the Corporation and such Corporate Affiliate or Affiliates as may be authorized from time to time by the Board to extend the benefits of the Plan to their Eligible Employees. The Participating Corporations in the Plan are listed in attached Schedule A.

N. Plan shall mean the Corporation's 2001 Employee Stock Purchase Plan, as set forth in this document.

O. Plan Administrator shall mean the committee of two (2) or more Board members appointed by the Board to administer the Plan.

P. Purchase Date shall mean the last business day of each Purchase Interval. The initial Purchase Date shall be July 31, 2001.

Q. Purchase Interval shall mean each successive six (6)-month period within a particular offering period at the end of which there shall be purchased shares of Common Stock on behalf of each Participant.

R. Stock Exchange shall mean either the American Stock Exchange or the New York Stock Exchange.

S. Underwriting Agreement shall mean the agreement between the Corporation and the underwriter or underwriters managing the initial public offering of the Common Stock.

EXHIBIT 21.1

Subsidiaries of Registrant
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Align Technology Europe Limited

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 December , 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.

San Jose, California
December 28, 2000