

ALIGN TECHNOLOGY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

	Q1 2008	Q2 2008	Q3 2008	Q4 2008	FY 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	YTD 2009	Q1 2010	Q2 2010	YTD 2010
N.A. Ortho Revenue	\$ 22,551	\$ 22,994	\$ 21,951	\$ 20,826	\$ 88,322	\$ 21,087	\$ 21,574	\$ 22,722	\$ 25,036	\$ 90,419	\$ 28,195	\$ 29,143	\$ 57,338
YOY % growth	5.8%	-7.0%	-1.4%	-1.8%	-1.3%	-6.5%	-6.2%	3.5%	20.2%		33.7%	35.1%	
QOQ % growth	6.4%	2.0%	-4.5%	-5.1%		1.3%	2.3%	5.3%	10.2%		12.6%	3.4%	
N.A GP Revenue	33,935	35,577	33,861	32,095	135,468	30,916	31,756	33,908	36,172	132,752	37,200	37,374	74,574
YOY % growth	16.0%	-0.4%	-0.8%	-1.8%	2.8%	-8.9%	-10.7%	0.1%	12.7%		20.3%	17.7%	
QOQ % growth	3.8%	4.8%	-4.8%	-5.2%		-3.7%	2.7%	6.8%	6.7%		2.8%	0.5%	
International	14,196	16,436	15,128	16,248	62,008	14,267	18,058	18,460	21,259	72,044	20,027	22,006	42,033
Teen Deferred Revenue Release	-	-	-	-	-	-	-	-	-	-	-	14,298	14,298
Non-case Revenue*	4,094	4,895	4,233	4,956	18,178	3,862	4,928	4,179	4,149	17,118	4,668	5,375	10,043
Revenue	74,776	79,902	75,173	74,125	303,976	70,132	76,316	79,269	86,616	312,333	90,090	108,196	198,286
YOY % growth	17.3%	4.3%	5.2%	2.2%	6.9%	-4.5%	-4.5%	5.4%	16.9%		28.5%	41.8%	
QOQ % growth	3.1%	6.9%	-5.9%	-1.4%		-5.4%	8.8%	3.9%	9.3%		4.0%	20.1%	
Cost of revenues	19,608	20,243	18,766	20,233	78,850	17,425	18,338	20,268	22,810	78,841	20,380	21,178	41,558
Gross Profit	55,168	59,659	56,407	53,892	225,126	52,707	57,978	59,001	63,806	233,492	69,710	87,018	156,728
Operating Expenses:													
Sales and marketing	28,059	32,464	28,214	26,325	115,062	27,854	29,108	27,687	27,893	112,542	27,946	28,939	56,885
General and administrative	15,188	16,322	14,395	16,249	62,154	13,468	16,539	16,224	15,487	61,718	14,951	15,005	29,956
Research and development	7,295	7,001	5,918	5,951	26,165	5,191	5,669	5,611	5,781	22,252	6,116	6,396	12,512
Restructuring Charges	-	-	2,189	4,042	6,231	910	409	-	-	1,319	-	-	-
Litigation settlement costs	-	-	-	-	-	-	-	69,673	-	69,673	-	-	-
Insurance settlement	-	-	-	-	-	-	-	-	-	-	-	(8,666)	(8,666)
Total operating expenses	50,542	55,787	50,716	52,567	209,612	47,423	51,725	119,195	49,161	267,504	49,013	41,674	90,687
Profit (loss) from operations	4,626	3,872	5,691	1,325	15,514	5,284	6,253	(60,194)	14,645	(34,012)	20,697	45,344	66,041
Interest and other income (expense), net	966	443	264	(111)	1,562	148	557	(271)	(315)	116	(553)	156	(397)
Profit (loss) before provision for income taxes	5,592	4,315	5,955	1,214	17,076	5,432	6,810	(60,465)	14,330	(33,893)	20,144	45,500	65,644
Provision for (benefit) from income taxes	288	285	798	(64,282)	(62,911)	2,796	2,265	(10,523)	2,838	(2,624)	5,214	12,897	18,111
Net profit (loss)	\$ 5,304	\$ 4,030	\$ 5,157	\$ 65,496	\$ 79,987	\$ 2,636	\$ 4,545	\$ (49,942)	\$ 11,492	\$ (31,269)	\$ 14,930	\$ 32,603	\$ 47,533
Net profit (loss) per share													
- basic	\$ 0.08	\$ 0.06	\$ 0.08	\$ 0.99	\$ 1.20	\$ 0.04	\$ 0.07	\$ (0.72)	\$ 0.15	\$ (0.45)	\$ 0.20	\$ 0.43	\$ 0.63
- diluted	\$ 0.07	\$ 0.06	\$ 0.08	\$ 0.98	\$ 1.18	\$ 0.04	\$ 0.07	\$ (0.72)	\$ 0.15	\$ (0.45)	\$ 0.19	\$ 0.42	\$ 0.61
Shares used in computing net profit (loss) per share													
- basic	69,053	68,581	67,367	66,440	66,812	65,983	66,285	69,528	74,482	69,094	75,166	75,703	75,436
- diluted	70,860	69,916	68,704	66,816	68,064	66,447	67,373	69,528	76,831	69,094	77,597	77,607	77,644
Margin Analysis:													
Gross Margin	73.8%	74.7%	75.0%	72.7%	74.1%	75.2%	76.0%	74.4%	73.7%	74.8%	77.4%	80.4%	79.0%
Sales and Marketing	37.5%	40.6%	37.5%	35.5%	37.9%	39.7%	38.1%	34.9%	32.2%	36.0%	31.0%	26.7%	28.7%
General and administrative	20.3%	20.4%	19.1%	21.9%	20.4%	19.2%	21.7%	20.5%	17.9%	19.8%	16.6%	13.9%	15.1%
Research and development	9.8%	8.8%	7.9%	8.0%	8.6%	7.4%	7.4%	7.1%	6.7%	7.1%	6.8%	5.9%	6.3%
Restructuring	0.0%	0.0%	2.9%	5.5%	2.0%	1.3%	0.5%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%
Operating Margin	6.2%	4.8%	7.6%	1.8%	5.1%	7.5%	8.2%	-75.9%	16.9%	-10.9%	23.0%	41.9%	33.3%
Litigation settlement costs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	87.9%	0.0%	22.3%	0.0%	0.0%	0.0%
Insurance settlement	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-8.0%	-4.4%
Net Margin	7.1%	5.0%	6.9%	88.4%	26.3%	3.8%	6.0%	-63.0%	13.3%	-10.0%	16.6%	30.1%	24.0%
Year Over Year Analysis													
Revenue	17.3%	4.3%	5.2%	2.2%	6.9%	-6.2%	-4.5%	5.4%	16.9%	2.7%	28.5%	41.8%	
Profit (Loss) from Operations	-33.9%	-71.2%	-32.2%	-73.6%	-54.2%	14.2%	61.5%	-1157.7%	1005.3%	-319.2%	466.4%	625.2%	
Operating Expense	28.8%	30.0%	12.9%	8.7%	19.5%	-6.2%	-7.3%	135.0%	-6.5%	27.6%	3.4%	-19.4%	
Net Profit (Loss)	-24.0%	-70.4%	-45.5%	1055.5%	123.9%	-50.3%	12.8%	-1068.4%	-82.5%	-139.1%	466.4%	617.3%	
Quarter Over Quarter Analysis (Sequential)													
Revenue	3.1%	6.9%	-5.9%	-1.4%		-5.4%	8.8%	3.9%	9.3%		4.0%	20.1%	
Profit (Loss) from Operations	-7.7%	-16.3%	47.0%	-76.7%		298.8%	18.3%	-1062.6%	-124.3%		29.9%	119.1%	
Operating Expense	4.5%	10.4%	-9.1%	3.6%		-9.8%	9.1%	130.4%	-58.8%		-0.3%	-15.0%	
Net Profit (Loss)	-6.4%	-24.0%	28.0%	1170.0%		-96.0%	72.4%	-1198.6%	-123.0%		29.9%	118.4%	

* Non-case revenue includes the retainer business, training revenues, and ancillary offerings

ALIGN TECHNOLOGY
NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
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YOY % growth	5.8%	-7.0%	-1.4%	-1.8%	-1.3%	-6.5%	-6.2%	3.5%	20.2%		33.7%	35.1%	
QOQ % growth	6.4%	-2.0%	-4.5%	-5.1%		-1.3%	2.3%	5.3%	10.2%		12.6%	3.4%	
N.A. GP Revenue	33,935	35,577	33,861	32,095	135,468	30,916	31,756	33,908	36,172	132,752	37,200	37,374	74,574
YOY % growth	16.0%	-0.4%	-0.8%	-1.8%	2.8%	-8.9%	-10.7%	0.1%	12.7%		20.3%	17.7%	
QOQ % growth	3.8%	4.8%	-4.8%	-5.2%		-3.7%	2.7%	6.8%	6.7%		2.8%	0.5%	
International	14,196	16,436	15,128	16,248	62,008	14,267	18,058	18,460	21,259	72,044	20,027	22,006	42,033
Non-case Revenue*	4,094	4,895	4,233	4,956	18,178	3,862	4,928	4,179	4,149	17,118	4,668	5,375	10,043
Revenues	74,776	79,902	75,173	74,125	303,976	70,132	76,316	79,269	86,616	312,333	90,090	93,898	183,988
Cost of revenues	19,608	20,243	18,766	20,233	78,850	17,425	18,338	18,362	18,551	72,676	19,553	21,178	40,731
Gross Profit	55,168	59,659	56,407	53,892	225,126	52,707	57,978	60,907	68,065	239,657	70,537	72,720	143,257
Operating Expenses:													
Sales and marketing	28,059	32,464	28,214	26,325	115,062	27,854	29,108	27,687	27,893	112,542	27,946	28,939	56,885
General and administrative	15,188	16,322	14,395	16,249	62,154	13,468	16,539	16,224	15,487	61,718	14,951	15,005	29,956
Research and development	7,295	7,001	5,918	5,951	26,165	5,191	5,669	5,611	5,781	22,252	6,116	6,396	12,512
Total operating expenses	50,542	55,787	48,527	48,525	203,381	46,513	51,316	49,522	49,161	196,512	49,013	50,340	99,353
Profit from operations	4,626	3,872	7,880	5,367	21,745	6,194	6,662	11,385	18,904	43,145	21,524	22,380	43,904
Interest and other income (expense), net	966	443	264	(111)	1,562	148	557	(315)	(119)	119	(553)	156	(397)
Profit before provision for income taxes	5,592	4,315	8,144	5,256	23,307	6,342	7,219	11,114	18,589	43,264	20,971	22,536	43,507
Provision for income taxes	288	285	884	369	1,826	3,151	2,392	2,208	6,443	14,194	5,430	6,081	11,511
Net profit	\$ 5,304	\$ 4,030	\$ 7,260	\$ 4,887	\$ 21,481	\$ 3,191	\$ 4,827	\$ 8,906	\$ 12,146	\$ 29,070	\$ 15,541	\$ 16,455	\$ 31,996
Net profit per share													
- basic	\$ 0.08	\$ 0.06	\$ 0.11	\$ 0.07	\$ 0.32	\$ 0.05	\$ 0.07	\$ 0.13	\$ 0.16	\$ 0.42	\$ 0.21	\$ 0.22	\$ 0.42
- diluted	\$ 0.07	\$ 0.06	\$ 0.11	\$ 0.07	\$ 0.32	\$ 0.05	\$ 0.07	\$ 0.13	\$ 0.16	\$ 0.41	\$ 0.20	\$ 0.21	\$ 0.41
Shares used in computing net profit per share													
- basic	69,053	68,581	67,367	66,440	66,812	65,983	66,285	69,528	74,482	69,094	75,166	75,703	75,436
- diluted	70,860	69,916	68,704	66,816	68,064	66,447	67,373	70,926	76,831	70,602	77,597	77,607	77,644
Margin Analysis:													
Gross Margin	73.8%	74.7%	75.0%	72.7%	74.1%	75.2%	76.0%	76.8%	78.6%	76.7%	78.3%	77.4%	77.9%
Operating Margin	6.2%	4.8%	10.5%	7.2%	7.2%	8.8%	8.7%	14.4%	21.8%	13.8%	23.9%	23.8%	23.9%
Net Margin	7.1%	5.0%	9.7%	6.6%	7.1%	4.5%	6.3%	11.2%	14.0%	9.3%	17.3%	17.5%	17.4%
Year Over Year Analysis													
Revenue	17.3%	4.3%	5.2%	2.2%	6.9%	-6.2%	-4.5%	5.4%	16.9%	2.7%	28.5%	23.0%	
Profit from Operations	-11.1%	-71.2%	-6.1%	7.1%	-32.2%	33.9%	72.1%	44.5%	252.2%	98.4%	247.5%	235.9%	
Net Profit	3.2%	-70.4%	23.2%	13.8%	-36.8%	-39.8%	19.8%	22.7%	148.5%	35.3%	387.0%	240.9%	
Quarter Over Quarter Analysis (Sequential)													
Revenue	3.1%	6.9%	-5.9%	-1.4%		-5.4%	8.8%	3.9%	9.3%		4.0%	4.2%	
Gross Profit	3.3%	8.1%	-5.5%	-4.5%		-2.2%	10.0%	5.1%	11.8%		3.6%	3.1%	
Operating Expense	4.5%	10.4%	-13.0%	0.0%		-4.1%	10.3%	-3.5%	-0.7%		-0.3%	2.7%	
Net Profit	-6.4%	-24.0%	80.1%	32.7%		-34.7%	51.3%	84.5%	36.4%		28.0%	5.9%	
Reconciliation of GAAP Net Profit (Loss) to non-GAAP Net Profit:													
GAAP Net profit (loss)	\$ 5,304	\$ 4,030	\$ 5,157	\$ 65,496	\$ 79,987	\$ 2,636	\$ 4,545	\$ (49,942)	\$ 11,492	\$ (31,269)	\$ 14,930	\$ 32,603	\$ 47,533
Teen deferred revenue release	-	-	-	-	-	-	-	-	-	-	-	(14,298)	(14,298)
Ormco royalties	-	-	-	-	-	-	-	1,906	4,259	6,165	827	-	827
Litigation settlement costs	-	-	-	-	-	-	-	69,673	-	69,673	-	-	-
Restructuring	-	-	2,189	4,042	6,231	910	409	-	-	1,319	-	-	-
Insurance settlement	-	-	-	-	-	-	-	-	-	-	-	(8,666)	(8,666)
Release of tax valuation allowance	-	-	-	(64,608)	(64,608)	-	-	-	-	-	-	-	-
Tax impact on non GAAP adjustments	-	-	(86)	(43)	(129)	(355)	(127)	(12,731)	(3,605)	(16,818)	(216)	6,816	6,600
Non-GAAP net profit	\$ 5,304	\$ 4,030	\$ 7,260	\$ 4,887	\$ 21,481	\$ 3,191	\$ 4,827	\$ 8,906	\$ 12,146	\$ 29,070	\$ 15,541	\$ 16,455	\$ 31,996

* Non-case revenue includes the retainer business, training revenues, and ancillary offerings