

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

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	YTD 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	YTD 2013	Q1 2014	Q2 2014	YTD 2014
<b>Net Revenues</b>													
<i>Clear Aligner:</i>													
North America	\$ 86,871	\$ 92,997	\$ 89,568	\$ 91,686	\$ 361,122	\$ 97,045	\$ 102,217	\$ 103,888	\$ 105,059	\$ 408,209	\$ 107,910	\$ 111,648	\$ 219,558
International	29,700	32,883	29,700	32,513	124,796	31,818	40,320	38,983	50,955	161,716	49,848	55,988	105,836
Non-case (1)	6,757	7,789	7,457	8,660	30,663	12,709	10,766	10,679	10,570	44,724	10,481	12,099	22,580
Total Clear Aligner Net Revenues	123,328	133,669	126,725	132,859	516,581	141,572	153,303	153,550	166,224	614,649	168,239	179,735	347,974
<i>Scanner and Services:</i>													
North America	11,120	11,752	9,439	9,940	42,251	11,952	10,454	10,875	11,980	45,261	12,313	12,698	25,011
International	631	205	332	41	1,209	56	71	81	88	296	94	98	192
Total Scanner and Services Net Revenues	11,751	11,957	9,771	9,981	43,460	12,008	10,525	10,956	12,068	45,557	12,407	12,796	25,203
<b>Total Net Revenues:</b>													
Total North America Net Revenues	97,991	104,749	99,007	101,626	403,373	108,997	112,671	114,763	117,039	453,470	120,223	124,346	244,569
Total International Net Revenues	30,331	33,088	30,032	32,554	126,005	31,874	40,391	39,064	50,683	162,012	49,942	56,086	106,028
Total Non-case Net Revenues	6,757	7,789	7,457	8,660	30,663	12,709	10,766	10,679	10,570	44,724	10,481	12,099	22,580
Total Worldwide Net Revenues	135,079	145,626	136,496	142,840	560,041	153,580	163,828	164,506	178,292	660,206	180,646	192,531	373,177
<b>Cost of Net Revenues:</b>													
Cost of net revenues Clear Aligner	25,939	28,052	28,391	28,229	110,611	32,245	33,179	30,887	33,503	129,814	35,156	38,032	73,188
Cost of net revenues Scanner and Services	8,380	8,774	7,755	8,133	33,042	8,486	6,958	8,529	8,313	32,286	8,239	9,023	17,262
Total cost of net revenues	34,319	36,826	36,146	36,362	143,653	40,731	40,137	39,416	41,816	162,100	43,395	47,055	90,450
Gross profit	100,760	108,800	100,350	106,478	416,388	112,849	123,691	125,090	136,476	498,106	137,251	145,476	282,727
<b>Operating Expenses:</b>													
Sales and marketing	38,717	39,087	36,468	37,769	152,041	42,281	47,847	45,224	44,694	180,046	52,888	56,386	109,274
General and administrative	23,511	23,021	24,762	28,001	99,295	30,348	27,027	27,487	27,889	112,752	29,179	27,069	56,248
Research and development	10,526	10,680	9,952	11,711	42,869	11,282	10,916	10,915	10,970	44,083	13,380	13,289	26,669
Impairment of goodwill	-	-	24,665	11,926	36,591	40,693	-	-	-	40,693	-	-	-
Impairment of long-lived assets	-	-	-	-	-	26,320	-	-	-	26,320	-	-	-
Total operating expenses	72,754	72,788	95,847	89,407	330,794	150,924	85,790	83,626	83,553	403,894	95,447	96,744	192,191
<b>Operating Profit (loss):</b>													
Interest and other income (expense), net	28,006	36,012	4,503	17,071	85,592	(38,075)	37,901	41,464	52,923	94,212	41,804	48,732	90,536
Profit before provision for income taxes	(812)	541	(353)	(672)	(1,296)	(988)	(335)	449	(199)	(1,073)	601	(93)	508
Provision for income taxes	27,194	36,553	4,150	16,399	84,296	(39,063)	37,566	41,913	52,724	93,139	42,405	48,639	91,044
Provision for income taxes	6,210	8,061	4,494	6,840	25,605	2,920	8,246	7,376	10,302	28,844	9,961	13,039	23,000
<b>Net profit (loss)</b>	<b>\$ 20,984</b>	<b>\$ 28,492</b>	<b>\$ (344)</b>	<b>\$ 9,559</b>	<b>\$ 58,691</b>	<b>\$ (41,983)</b>	<b>\$ 29,320</b>	<b>\$ 34,537</b>	<b>\$ 42,422</b>	<b>\$ 64,295</b>	<b>\$ 32,444</b>	<b>\$ 35,600</b>	<b>\$ 68,044</b>
Net profit (loss) per share													
- basic	\$ 0.26	\$ 0.35	\$ (0.00)	\$ 0.12	\$ 0.73	\$ (0.52)	\$ 0.36	\$ 0.43	\$ 0.53	\$ 0.80	\$ 0.40	\$ 0.44	\$ 0.84
- diluted	\$ 0.26	\$ 0.34	\$ (0.00)	\$ 0.12	\$ 0.71	\$ (0.52)	\$ 0.36	\$ 0.42	\$ 0.51	\$ 0.78	\$ 0.39	\$ 0.43	\$ 0.82
Shares used in computing net profit (loss) per share													
- basic	79,235	80,384	81,437	81,043	80,529	81,248	80,576	79,967	80,432	80,551	81,120	81,027	81,073
- diluted	81,856	82,954	81,437	82,981	83,040	81,248	82,149	81,848	82,438	82,589	82,817	82,341	82,651
<b>Margin Analysis:</b>													
Gross margin	74.6%	74.7%	73.5%	74.5%	74.3%	73.5%	75.5%	76.0%	76.5%	75.4%	76.0%	75.6%	75.8%
-Clear Aligner	79.0%	79.0%	77.6%	78.8%	78.6%	77.2%	78.4%	79.9%	79.8%	78.9%	79.1%	78.8%	79.0%
-Scanner and Services	28.7%	26.6%	20.6%	18.5%	24.0%	29.3%	33.9%	22.2%	31.1%	29.1%	33.6%	29.5%	31.5%
Sales and marketing	28.7%	26.8%	26.7%	26.4%	27.1%	27.5%	29.2%	27.5%	25.1%	27.3%	29.3%	29.3%	29.3%
General and administrative	17.4%	15.8%	18.1%	19.6%	17.7%	19.8%	16.5%	16.7%	15.6%	17.1%	16.2%	14.1%	15.1%
Research and development	7.8%	7.3%	7.3%	8.2%	7.7%	7.3%	6.7%	6.6%	6.2%	6.7%	7.4%	6.9%	7.1%
Impairment of goodwill	0.0%	0.0%	18.1%	8.3%	6.5%	26.5%	0.0%	0.0%	0.0%	6.2%	0.0%	0.0%	0.0%
Impairment of long-lived assets	0.0%	0.0%	0.0%	0.0%	0.0%	17.1%	0.0%	0.0%	0.0%	4.0%	0.0%	0.0%	0.0%
Operating margin	20.7%	24.7%	3.3%	12.0%	15.3%	-24.8%	23.1%	25.2%	29.7%	14.3%	23.1%	25.3%	24.3%
Net margin	15.5%	19.6%	-0.3%	6.7%	10.5%	-27.3%	17.9%	21.0%	23.8%	9.7%	18.0%	18.5%	18.2%
<b>Year Over Year Analysis:</b>													
Net Revenues	28.8%	21.3%	8.4%	10.8%	16.7%	13.7%	12.5%	20.5%	24.8%	17.9%	17.6%	17.5%	
-Clear Aligner	17.6%	17.6%	10.9%	11.7%	14.4%	14.8%	14.7%	21.2%	25.1%	19.0%	18.8%	17.2%	
-Scanner and Services	-	85.7%	-15.9%	0.1%	N/A	2.2%	-12.0%	12.1%	20.9%	4.8%	3.3%	21.6%	
Gross profit	22.5%	19.4%	8.6%	11.4%	15.3%	12.0%	13.7%	24.7%	28.2%	19.6%	21.6%	17.6%	
Operating expense	18.9%	-2.4%	45.1%	29.4%	22.1%	107.4%	17.9%	-12.8%	-6.5%	22.1%	-36.8%	12.8%	
Operating profit (loss)	33.2%	117.0%	-82.9%	-35.4%	-5.3%	-236.0%	5.2%	820.8%	210.0%	10.1%	-209.8%	28.6%	
Net profit (loss)	32.5%	155.3%	-101.8%	-53.3%	-12.0%	-300.1%	2.9%	-10139.8%	343.8%	9.5%	-177.3%	21.4%	
<b>Quarter Over Quarter Analysis (Sequential):</b>													
Net Revenues	4.8%	7.8%	-6.3%	4.6%		7.5%	6.7%	0.4%	8.4%		1.3%	6.6%	
-Clear Aligner	3.7%	8.4%	-5.2%	4.8%		6.6%	8.3%	0.2%	8.3%		1.2%	6.8%	
-Scanner and Services	17.8%	1.8%	-18.3%	2.1%		20.3%	-12.4%	4.1%	10.1%		2.8%	3.1%	
Gross profit	5.5%	8.0%	-7.8%	6.1%		6.0%	9.6%	1.1%	9.1%		0.6%	6.0%	
Operating expense	5.3%	0.0%	31.7%	-6.7%		68.8%	-43.2%	-2.5%	-0.1%		14.2%	1.4%	
Operating profit (loss)	6.0%	28.6%	-87.5%	279.1%		-323.0%	-199.5%	9.4%	27.6%		-27.6%	16.6%	
Net profit (loss)	2.6%	35.8%	-101.2%	990300.0%		-539.2%	-169.8%	17.8%	22.8%		-23.5%	9.7%	

(1) Non-case net revenues includes the retainer business, training revenues, and ancillary offerings under our Clear Aligner product lines

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**NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
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	Q1 2012	Q2 2012	Q3 2012	Q4 2012	YTD 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	YTD 2013	Q1 2014	Q2 2014	YTD 2014
<b>Net Revenues</b>													
<i>Clear Aligner:</i>													
North America	\$ 86,871	\$ 92,997	\$ 89,568	\$ 91,686	\$ 361,122	\$ 97,045	\$ 102,217	\$ 103,888	\$ 105,059	\$ 408,209	\$ 107,910	\$ 111,648	\$ 219,558
International	29,700	32,883	29,700	32,513	124,796	31,818	40,320	38,983	50,595	161,716	49,848	55,988	105,836
Non-case Net Revenues (1)	6,757	7,789	7,457	8,660	30,663	12,709	10,766	10,679	10,570	44,724	10,481	12,099	22,580
Total Clear Aligner Net Revenues	123,328	133,669	126,725	132,859	516,581	141,572	153,303	153,550	166,224	614,649	168,239	179,735	347,974
<i>Scanner and Services:</i>													
North America	11,120	11,752	9,439	9,940	42,251	11,952	10,454	10,875	11,980	45,261	12,313	12,698	25,011
International	631	205	332	41	1,209	56	71	81	88	296	94	98	192
Total Scanner and Services Net Revenues	11,751	11,957	9,771	9,981	43,460	12,008	10,525	10,956	12,068	45,557	12,407	12,796	25,203
<b>Total Net Revenues:</b>													
Total North America Net Revenues	97,991	104,749	99,007	101,626	403,373	108,997	112,671	114,763	117,039	453,470	120,223	124,346	244,569
Total International Net Revenues	30,331	33,088	30,032	32,554	126,005	31,874	40,391	39,064	50,683	162,012	49,942	56,086	106,028
Total Non-case Net Revenues	6,757	7,789	7,457	8,660	30,663	12,709	10,766	10,679	10,570	44,724	10,481	12,099	22,580
Total Worldwide Net Revenues	135,079	145,626	136,496	142,840	560,041	153,580	163,828	164,506	178,292	660,206	180,646	192,531	373,177
<b>Cost of Net Revenues:</b>													
Cost of net revenues Clear Aligner	25,939	28,052	28,391	28,229	110,611	32,245	33,179	30,887	33,503	129,814	35,156	38,032	73,188
Cost of net revenues Scanner and Services	7,946	8,567	7,661	8,133	32,307	8,486	6,958	8,529	8,313	32,286	8,239	9,023	17,262
Total cost of net revenues	33,885	36,619	36,052	36,362	142,918	40,731	40,137	39,416	41,816	162,100	43,395	47,055	90,450
Gross profit	101,194	109,007	100,444	106,478	417,123	112,849	123,691	125,090	136,476	498,106	137,251	145,476	282,727
<b>Operating Expenses:</b>													
Sales and marketing	38,717	39,087	36,468	37,769	152,041	42,281	47,847	45,224	44,694	180,046	52,888	56,386	109,274
General and administrative	22,789	22,711	24,478	28,001	97,979	30,348	27,027	27,487	27,889	112,752	29,179	27,069	56,248
Research and development	10,526	10,680	9,952	11,711	42,869	11,282	10,916	10,915	10,970	44,083	13,380	13,289	26,669
Total operating expenses	72,032	72,478	70,898	77,481	292,889	83,911	85,790	83,626	83,553	336,880	95,447	96,744	192,191
<b>Operating Profit:</b>													
Interest and other income (expense), net	29,162	36,529	29,546	28,997	124,234	28,938	37,901	41,464	52,923	161,226	41,804	48,732	90,536
(812)	541	(353)	(672)	(1,296)	(988)	(335)	449	(199)	(1,073)	601	(93)	508	
Profit before provision for income taxes	28,350	37,070	29,193	28,325	122,938	27,505	37,566	41,913	52,724	160,153	42,405	48,639	91,044
Provision for income taxes	6,804	8,897	7,006	6,798	29,505	6,708	8,246	7,376	10,302	32,632	9,961	13,039	23,000
<b>Net profit</b>	<u>\$ 21,546</u>	<u>\$ 28,173</u>	<u>\$ 22,187</u>	<u>\$ 21,527</u>	<u>\$ 93,433</u>	<u>\$ 21,242</u>	<u>\$ 29,320</u>	<u>\$ 34,537</u>	<u>\$ 42,422</u>	<u>\$ 127,521</u>	<u>\$ 32,444</u>	<u>\$ 35,600</u>	<u>\$ 68,044</u>
Net profit per share													
- basic	\$ 0.27	\$ 0.35	\$ 0.27	\$ 0.27	\$ 1.16	\$ 0.26	\$ 0.36	\$ 0.43	\$ 0.53	\$ 1.57	\$ 0.40	\$ 0.44	\$ 0.84
- diluted	\$ 0.26	\$ 0.34	\$ 0.26	\$ 0.26	\$ 1.13	\$ 0.26	\$ 0.36	\$ 0.42	\$ 0.51	\$ 1.54	\$ 0.39	\$ 0.43	\$ 0.82
Shares used in computing net profit per share													
- basic	79,235	80,384	81,437	81,043	80,529	81,248	80,576	79,967	80,432	81,120	81,120	81,027	81,073
- diluted	81,856	82,954	83,906	82,981	83,040	83,003	82,149	81,848	82,438	82,589	82,817	82,341	82,651
<b>Margin Analysis:</b>													
Gross margin	74.9%	74.9%	73.6%	74.5%	74.5%	73.5%	75.5%	76.0%	76.5%	75.4%	76.0%	75.6%	75.8%
- Clear Aligner	79.0%	79.0%	77.6%	78.8%	78.6%	77.2%	78.4%	79.9%	79.8%	78.9%	79.1%	78.8%	79.0%
- Scanner and Services	32.4%	28.4%	21.6%	18.5%	25.7%	29.3%	33.9%	22.2%	31.1%	29.1%	33.6%	29.5%	31.5%
Operating Margin	21.6%	25.1%	21.6%	20.3%	22.2%	18.8%	23.1%	25.2%	29.7%	24.4%	23.1%	25.3%	24.3%
Net Margin	16.0%	19.3%	16.3%	15.1%	16.7%	13.8%	17.9%	21.0%	23.8%	19.3%	18.0%	18.5%	18.2%
<b>Year Over Year Analysis:</b>													
Net Revenues	28.8%	21.3%	8.4%	10.8%	16.7%	13.7%	12.5%	20.5%	24.8%	17.9%	17.6%	17.5%	
Gross profit	23.1%	19.5%	8.3%	10.6%	15.1%	11.5%	13.5%	24.5%	28.2%	19.4%	21.6%	17.6%	
Operating expense	20.6%	5.5%	9.6%	14.2%	12.2%	16.5%	18.4%	18.0%	7.8%	15.0%	13.7%	12.8%	
Operating profit	29.6%	62.3%	5.3%	2.1%	22.4%	-0.8%	3.8%	40.3%	82.5%	29.8%	44.5%	28.6%	
Net Profit	27.2%	81.7%	6.6%	-0.9%	24.6%	-1.4%	4.1%	55.7%	97.1%	36.5%	52.7%	21.4%	
<b>Quarter Over Quarter Analysis (Sequential):</b>													
Net Revenues	4.8%	7.8%	-6.3%	4.6%		7.5%	6.7%	0.4%	8.4%		1.3%	6.6%	
Gross profit	5.1%	7.7%	-7.9%	6.0%		6.0%	9.6%	1.1%	9.1%		0.6%	6.0%	
Operating expense	6.1%	0.6%	-2.2%	9.3%		8.3%	2.2%	-2.5%	-0.1%		14.2%	1.4%	
Operating profit (loss)	2.7%	25.3%	-19.1%	-1.9%		-0.2%	31.0%	9.4%	27.6%		-21.0%	16.6%	
Net profit	-0.8%	30.8%	-21.2%	-3.0%		-1.3%	38.0%	17.8%	22.8%		-23.5%	9.7%	
<b>Reconciliation of GAAP Net Profit to non-GAAP Net Profit:</b>													
GAAP Net profit	\$ 20,984	\$ 28,492	\$ (344)	\$ 9,559	\$ 58,691	\$ (41,983)	\$ 29,320	\$ 34,537	\$ 42,422	\$ 64,295	\$ 32,444	\$ 35,600	\$ 68,043
Acquisition and integration related costs related to cost of revenues	134	72	55	-	261	-	-	-	-	-	-	-	-
Severance and benefit costs related to cost of revenues	300	135	39	-	474	-	-	-	-	-	-	-	-
Acquisition and integration related costs related to operating expenses	570	261	179	-	1,010	-	-	-	-	-	-	-	-
Severance and benefit costs related to operating expenses	152	49	105	-	306	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	24,665	11,926	36,591	40,693	-	-	-	40,693	-	-	-
Impairment of long-lived assets	-	-	-	-	-	26,320	-	-	-	26,320	-	-	-
Income tax-related adjustments	(694)	(836)	(2,512)	42	(3,900)	(3,788)	-	-	-	(3,788)	-	-	-
Non-GAAP net profit	<u>\$ 21,546</u>	<u>\$ 28,173</u>	<u>\$ 22,187</u>	<u>\$ 21,527</u>	<u>\$ 93,433</u>	<u>\$ 21,242</u>	<u>\$ 29,320</u>	<u>\$ 34,537</u>	<u>\$ 42,422</u>	<u>\$ 127,521</u>	<u>\$ 32,444</u>	<u>\$ 35,600</u>	<u>\$ 68,043</u>

(1) Non-case net revenues includes the retainer business, training revenues, and ancillary offerings under our Clear Aligner product lines