

ALIGN TECHNOLOGY INC
Form DEF 14A
April 18, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ALIGN TECHNOLOGY, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on Wednesday, May 23, 2007
10:00 a.m.

TO OUR STOCKHOLDERS:

The 2007 Annual Meeting of Stockholders of Align Technology, Inc. (Align) will be held on Wednesday, May 23, 2007, at 10:00 a.m. Pacific Daylight Time at Align 's corporate headquarters located at 881 Martin Avenue, Santa Clara, California 95050 for the following purposes:

1. To elect eight (8) directors to serve until the next annual meeting of stockholders or until their respective successors have been duly elected and qualified;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accountants for the fiscal year ending December 31, 2007; and
3. To consider such other business as may properly come before the Annual Meeting of Stockholders.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only those stockholders who owned shares of our common stock at the close of business on March 30, 2007 are entitled to attend and vote at the Annual Meeting of Stockholders and any postponements or adjournments of the meeting.

IF YOU PLAN TO ATTEND:

Please note that only stockholders and their proxies are invited to attend the Annual Meeting. Registration will begin at 9:30 a.m. and seating will begin thereafter. Each stockholder may be asked to present valid picture identification, such as a driver 's license or passport. Stockholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

For the Board of Directors of
ALIGN TECHNOLOGY, INC.

Roger E. George
*Vice President, Corporate and Legal Affairs, General Counsel
and Corporate Secretary*

Santa Clara, California

April 18, 2007

**YOUR VOTE IS IMPORTANT
WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR
PROXY AS SOON AS POSSIBLE BY FOLLOWING THE INSTRUCTIONS ON THE
ENCLOSED PROXY CARD.**

TABLE OF CONTENTS

<u>GENERAL INFORMATION</u>	1
<u>Why am I receiving these materials?</u>	1
<u>What information is contained in these materials?</u>	1
<u>What proposals will be voted on at the Annual Meeting?</u>	1
<u>Who is entitled to vote at the Annual Meeting?</u>	1
<u>Who can attend the Annual Meeting?</u>	1
<u>What are the voting rights of the holders of Align common stock?</u>	2
<u>How do I vote?</u>	2
<u>Can I change my vote after I return my proxy card?</u>	2
<u>How does the Board recommend that I vote my shares?</u>	2
<u>What constitutes a quorum?</u>	3
<u>What vote is required to approve each item?</u>	3
<u>Who will bear the cost of soliciting votes for the Annual Meeting?</u>	3
<u>Who will count the vote?</u>	3
<u>Is there any information that I should know about future annual meetings?</u>	4
<u>What if multiple stockholders share the same address?</u>	4
<u>Other Matters</u>	4
<u>PROPOSAL ONE ELECTION OF DIRECTORS</u>	5
<u>Nominees</u>	5
<u>Information Concerning the Nominees</u>	5
<u>PROPOSAL TWO RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS</u>	8
<u>Fees to PricewaterhouseCoopers LLP for Fiscal 2006 and 2005</u>	8
<u>Audit Committee's Policy of Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors</u>	9
<u>CORPORATE GOVERNANCE</u>	10
<u>Corporate Governance Policies and Practices</u>	10
<u>Nominations for Directors</u>	10
<u>Director Independence</u>	11
<u>Board of Directors and Committee Meetings</u>	12
<u>Compensation Committee Interlocks and Insider Participation</u>	13
<u>Stockholder Communications with Board of Directors</u>	13
<u>Director Compensation</u>	14
<u>PRINCIPAL STOCKHOLDERS</u>	18
<u>EXECUTIVE COMPENSATION</u>	20
<u>Compensation Discussion and Analysis</u>	20
<u>Compensation Committee Report of the Board of Directors</u>	29
<u>Summary Compensation Table for Fiscal Year Ended 2006</u>	30
<u>Grant of Plan-Based Awards for Fiscal Year Ended 2006</u>	31
<u>Outstanding Equity Awards at Fiscal 2006 Year End</u>	33
<u>Options Exercises and Stock Vested During Fiscal Year Ended 2006</u>	34
<u>Post-Employment Compensation</u>	34
<u>REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS</u>	39
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	41
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	41
<u>OTHER MATTERS</u>	41

ALIGN TECHNOLOGY, INC.
881 Martin Avenue
Santa Clara, California 95050

**PROXY STATEMENT FOR THE
2007 ANNUAL MEETING OF STOCKHOLDERS**

GENERAL INFORMATION

Q: Why am I receiving these materials?

A: The Board of Directors of Align Technology, Inc., in connection with Align's annual meeting of stockholders, is soliciting the enclosed proxy from you. The proxy will be used at our 2007 Annual Meeting of Stockholders to be held at 10:00 a.m. Pacific Daylight Time on Wednesday, May 23, 2007 at Align's corporate headquarters located at 881 Martin Avenue, Santa Clara, California 95050 (referred to in this proxy statement as the Annual Meeting).

Q: What information is contained in these materials?

A: This proxy statement contains important information regarding our Annual Meeting. Specifically, it identifies the proposals on which you are being asked to vote, provides information you may find useful in determining how to vote and describes the voting procedures. Align's 2006 Annual Report, audited financial statements, proxy card and return envelope are also enclosed. These proxy materials are being mailed on or about April 18, 2007 to all of our stockholders as of the record date, which was set by our Board of Directors as March 30, 2007.

Q: What proposals will be voted on at the Annual Meeting?

A: There are two proposals scheduled to be presented at the Annual Meeting, and upon which you are being asked to vote:

- The election of eight (8) directors to serve until the next annual meeting of stockholders or until their respective successors have been duly elected and qualified; and
- The ratification of the appointment of PricewaterhouseCoopers LLP as Align's independent registered public accountants for the fiscal year ending December 31, 2007.

These proposals are discussed in greater detail in the sections entitled Proposal One and Proposal Two.

Q: Who is entitled to vote at the Annual Meeting?

A: Only stockholders of record who owned Align common stock at the close of business on March 30, 2007, the record date for the Annual Meeting, are entitled to receive notice of, and to participate in, the Annual Meeting. If you were a stockholder of record on that date, you will be entitled to vote all of the shares of Align common stock that you held on the record date at the Annual Meeting, or any postponements or adjournments of the Annual Meeting. As of the record date, 65,854,323 shares of our common stock were issued and outstanding.

Q: Who can attend the Annual Meeting?

A: All stockholders as of the record date, or their duly appointed proxies, may attend the Annual Meeting. Registration will begin at 9:30 a.m. and seating will begin thereafter. If you attend, please note that you may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage

accounts (street name holders) will need to bring

1

a copy of a brokerage statement reflecting stock ownership as of the *record date*. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

Q: *What are the voting rights of the holders of Align common stock?*

A: Each share of Align common stock you own entitles you to one vote on each matter considered at the Annual Meeting.

Q: *How do I vote?*

A: You can vote by returning the enclosed proxy card and proxy in the envelope provided or by attending the Annual Meeting in person. We have summarized below the two different ways that you can vote.

Voting by Mail. By signing and returning the proxy card in accordance with the enclosed instructions, you are authorizing our President and Chief Executive Officer and our Vice President, Finance and Chief Financial Officer, who are named on the proxy card as proxies or attorneys-in-fact, to vote your shares at the Annual Meeting in the manner you indicate. We encourage you to sign and return the proxy card even if you plan to attend the Annual Meeting. By signing and returning the proxy card prior to the Annual Meeting, you ensure that your shares will be voted even if you are ultimately unable to attend.

Voting in Person at the Annual Meeting. If you plan to attend the Annual Meeting and vote in person, we will provide you with a ballot at the Annual Meeting. If your shares are registered directly in your name, you are considered the stockholder of record and you have the right to vote in person at the Annual Meeting. If, however, your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of shares held in your name, and if you wish to vote at the Annual Meeting, you will need to bring a legal proxy from your broker or other nominee authorizing you to vote these shares.

Q: *Can I change my vote after I return my proxy card?*

A: Yes. Even after you have submitted your proxy, you may revoke or change your vote at any time before the proxy is voted at the Annual Meeting. In order to do this, you may either:

- sign and return another proxy bearing a later date prior to the time we take the vote at the Annual Meeting; or
- provide written notice of the revocation to:

Corporate Secretary
Align Technology, Inc.
881 Martin Avenue,
Santa Clara, California
95050

prior to the time we take the vote at the Annual Meeting; or

- attend the Annual Meeting *and* vote in person. Your attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

Q: *How does the Board recommend that I vote my shares?*

Your shares will be voted in accordance with the instructions you indicate on the proxy card. If you submit the proxy card but do not indicate your voting instructions, your shares will be voted in accordance with the recommendations of the Board of Directors. In summary, the Board recommends a vote:

- FOR the election of the nominees for director identified in Proposal One; and

2

- FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accountants for the fiscal year ending December 31, 2007.

With respect to any other matter that properly comes before the Annual Meeting, the proxyholders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion. At the date this proxy statement was printed, the Board of Directors had no knowledge of any business other than that described in this proxy statement that would be presented for consideration at the Annual Meeting.

Q: *What constitutes a quorum?*

A: A quorum, which is a majority of the outstanding shares of our common stock as of the record date, must be present or represented by proxy in order to hold the Annual Meeting and to conduct business. As of the record date, 68,854,323 shares of common stock, representing the same number of votes, were outstanding. Thus, the presence of the holders of common stock representing at least 34,427,162 shares of common stock is required to establish a quorum. Your shares will be counted as present at the Annual Meeting if you attend the Annual Meeting in person. Your shares will be considered present and represented by proxy if you submit a properly executed proxy card.

Q: *What vote is required to approve each item?*

A: The vote required and method of calculation for the proposals to be considered at the Annual Meeting are as follows:

Election of directors. The eight (8) director nominees receiving the highest number of votes, in person or by proxy, will be elected as directors. You may vote either for or withhold your vote for the director nominees. A properly executed proxy marked withhold with respect to the election of one or more directors will not be voted with respect to the director or directors, although it will be counted for purposes of determining whether there is a quorum.

Ratification of the appointment of PricewaterhouseCoopers LLP. For the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accountants for the fiscal year ending December 31, 2007, the affirmative vote of a majority of the shares present, represented and entitled to vote on the item will be required for approval. You may vote for, against, or abstain from voting on this proposal. A properly executed proxy marked abstain with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

If you are a beneficial owner and your broker holds your shares in its name, the broker is permitted to vote your shares on the election of directors and the approval of PricewaterhouseCoopers LLP as our independent registered public accountants even if the broker does not receive voting instructions from you.

Q: *Who will bear the cost of soliciting votes for the Annual Meeting?*

A: We will bear the entire cost of proxy solicitation, including the preparation, assembly, printing and mailing of proxy materials. The original solicitation of proxies by mail may be supplemented by solicitation by telephone and other means by directors and employees of Align and by a third-party proxy solicitation company. In addition, we may reimburse brokerage firms and other custodians for their reasonable out-of-pocket expenses for forwarding these proxy materials to you.

Q: *Who will count the vote?*

A: We expect a representative from Computershare will tabulate the proxies and act as inspector of the election.

Q: *Is there any information that I should know about future annual meetings?*

A: As a stockholder you may be entitled to present proposals for action at a future annual stockholder meeting.

Proposals intended to be included in proxy statement. Stockholder proposals that stockholders intend to present at Align's 2008 Annual Meeting of Stockholders and desire to have included in Align's proxy materials relating to such meeting must be received by Align no later than December 20, 2007, which is 120 calendar days prior to the anniversary of this year's proxy statement mailing date, and must be in compliance with applicable laws and regulations (including Rule 14a-8 of the Securities Exchange Act of 1934). If the date of the 2008 Annual Meeting of Stockholders is moved more than 30 days before or after the anniversary date of this year's Annual Meeting, the deadline for inclusion of a proposal in Align's proxy statement will instead be a reasonable time before Align begins to print and mail its proxy materials. Proposals should be addressed to:

Corporate Secretary
Align Technology, Inc.
881 Martin Avenue
Santa Clara, California
95050

Proposals not intended to be included in proxy statement. If you wish to present a proposal at Align's 2008 Annual Meeting of Stockholders and the proposal is not intended to be included in Align's proxy statement, you must give Align advance notice of such proposal in accordance with Align's Bylaws. Pursuant to Align's Bylaws, in order for a stockholder proposal to be deemed properly presented, a stockholder must deliver notice of such proposal to Align's Corporate Secretary, at the address provided above, no earlier than the close of business on January 24, 2008 and no later than the close of business on February 23, 2008. However, if the date of the 2008 Annual Meeting of Stockholders is either more than 30 days before or more than 70 days after the anniversary date of this year's Annual Meeting, stockholders must give Align notice of any stockholder proposals no earlier than the close of business on the 120th day prior to the annual meeting and no later than the close of business on the later of: (i) the 90th day prior to the annual meeting or (ii) the close of business on the 10th day following the day on which Align first publicly announces the date of the annual meeting.

Q: *What if multiple stockholders share the same address?*

A: To reduce expenses, in some cases, we are delivering one set of voting materials to certain stockholders who share a single address, unless otherwise requested by one or more of the stockholders. A separate proxy card is included in the voting materials for each of these stockholders. If you have only received one set, you may request separate copies of the voting materials at no additional cost to you by calling us at (408) 470-1000 or by writing to us at Align Technology, Inc., 881 Martin Avenue, Santa Clara, California 94050, Attn: Investor Relations. You may also contact us by calling or writing if you would like to receive separate materials for future annual meetings.

Other Matters

You may receive an additional copy of Align's Annual Report on Form 10-K for fiscal 2006 without charge or a copy of the exhibits to Align's Annual Report on Form 10-K for fiscal 2006 for a reasonable fee by sending a written request to Align Technology, Inc., 881 Martin Avenue, Santa Clara, California 95050, Attn: Investor Relations or by sending an email to investorinfo@aligntech.com.

PROPOSAL ONE**ELECTION OF DIRECTORS****Nominees**

A board of eight (8) directors is to be elected at the Annual Meeting. The nominees for election at the Annual Meeting are: H. Kent Bowen, David E. Collins, Joseph Lacob, C. Raymond Larkin, Jr., George J. Morrow, Thomas M. Prescott, Greg J. Santora and Warren S. Thaler. Upon the recommendation of the Nominating and Governance Committee, our Board of Directors has nominated these individuals for election to the Board of Directors. Each director is elected annually to serve until the next annual meeting or until his or her successor is duly elected and qualified or until his or her earlier resignation or removal.

Unless otherwise instructed, the proxyholders will vote the proxies received by them for election of these nominees. In the event any of the nominees is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who shall be designated by the then current Board of Directors to fill the vacancy. In the event that additional persons are nominated for election as directors, the proxyholders intend to vote all proxies received by them in such a manner as to assure the election of the nominees named above.

All of the nominees have served as directors since the last annual meeting of stockholders. Each of the nominees has consented to serve if elected.

Information Concerning the Nominees

The following table sets forth the name and age of the nominees, their positions with Align and the period during which each has served as a director. Information as to the stock ownership of each of our directors and all of our current directors and executive officers as a group is set forth below under Principal Stockholders. Additional information regarding each nominee appears after the table.

Name	Age	Position(s) with Align	Director Since
H. Kent Bowen(1)(3)	65	Director	2000
David E. Collins(1)(2)	72	Director	2003
Joseph Lacob(3)	51	Director	1997
C. Raymond Larkin, Jr.(3)(4)	58	Director	2004
George J. Morrow(1)	55	Director	2006
Thomas M. Prescott	51	President, Chief Executive Officer and Director	2002
Greg J. Santora(2)	55	Director	2003
Warren S. Thaler(2)(3)	44	Director	2004

- (1) Member of Compensation Committee
- (2) Member of Audit Committee
- (3) Member of Nominating and Governance Committee
- (4) Chairman of the Board of Directors

H. Kent Bowen has served as a director of Align since May 2000. Dr. Bowen is the Bruce Rauner Professor of Business Administration at Harvard University's Graduate School of Business, where his research and teaching is in the field of operations and technology management. Prior to joining Harvard in 1992, he was an engineering professor at the Massachusetts Institute of Technology (M.I.T.) from 1970 to 1992 where he was the Ford Professor of Engineering and co-founder of the Leaders for Manufacturing Program. He currently serves as a director of Ceramics Process Systems, a developer of thermal solution products, Allegheny Technologies, a specialty materials producer, and two not-for-profit companies. He

received his B.S. in Engineering from the University of Utah and Ph.D. from M.I.T. Committees: Compensation and Nominating and Governance.

David E. Collins has served as a director of Align since April 2003. From 1994 to April 2004, Mr. Collins served as an independent consultant. His most recent operational role was with Schering-Plough Corporation from 1989 to 1994. At Schering-Plough, he created and served as President of a new consumer products division known as HealthCare Products, as well as serving as a member of the Schering-Plough Operations Committee, that company's senior executive management group. Prior to Schering-Plough, Mr. Collins helped found New York-based venture capital firm Galen Partners. Mr. Collins also spent 26 years with Johnson & Johnson and from 1962 to 1978 he served in a number of roles in the law department at Johnson & Johnson, including Corporate Secretary and General Counsel. In 1978, Mr. Collins transitioned into a series of executive management roles, including President of McNeil Laboratories, with responsibility for several Latin American subsidiaries, leadership of the worldwide consumer products business and oversight of corporate public relations, investor relations, strategic planning and the government legislative liaison office. In 1982, Mr. Collins became a member of the Johnson & Johnson Executive Management Committee. Mr. Collins also served on the Board of Directors of Johnson & Johnson and left in 1988 as Vice Chairman of the Board of Directors. Committees: Audit and Compensation (Chair).

Joseph Lacob has served as a director of Align since August 1997 and has been a partner of Kleiner Perkins Caufield & Byers (KPCB), a venture capital firm, since May 1987. Prior to that, Mr. Lacob was an executive with Cetus Corporation (now Chiron), FHP International, a health maintenance organization, and the management consulting firm of Booz, Allen & Hamilton. Mr. Lacob received his B.S. in Biochemistry from the University of California at Irvine, his Master's in Public Health from the University of California at Los Angeles and his M.B.A. from Stanford University. Committees: Nominating and Governance (Chair).

C. Raymond Larkin, Jr. has served as a director of Align since March 2004. In February 2006, Mr. Larkin was appointed as Chairman of the Board of Directors. He currently is a Principal of Group Outcome L.L.C., a merchant banking firm concentrating on medical technologies and since July 1, 2006 he has served as a part time Venture Partner at Cutlass Capital, a venture capital firm. Mr. Larkin was previously Chairman and Chief Executive Officer at Eunoe, Inc., a medical device company. From 1983 to March 1998, he held various executive positions with Nellcor Puritan Bennett, Inc., a medical instrumentation company, for which he served as president and chief executive officer from 1989 until 1997. Mr. Larkin also held various positions of increasing responsibility at Bentley Laboratories/American Hospital Supply from 1976 to 1983. He serves on the board of DaVita Inc., a leading provider of dialysis services in the United States. Mr. Larkin received his B.S. in industrial management from LaSalle University. Committees: Nominating and Governance and Chairman of the Board of Directors.

George J. Morrow has served as a director of Align since February 2006. He is currently the Executive Vice President, Global Commercial Operations at Amgen Inc., a global biotechnology company, where he also served as Executive Vice President of Worldwide Sales and Marketing between 2001 and 2003. From 1992 to 2001, Mr. Morrow held multiple leadership positions at GlaxoSmithKline Inc. and its subsidiaries, including President and Chief Executive Officer of Glaxo Wellcome Inc. Mr. Morrow holds a B.S. in chemistry from Southampton College, Long Island University, an M.S. in Biochemistry from Bryn Mawr College and an M.B.A. from Duke University. Committees: Compensation.

Thomas M. Prescott has served as our President and Chief Executive Officer and a member of the Board of Directors since March 2002. Prior to joining Align, Mr. Prescott was President and Chief Executive Officer of Cardiac Pathways, Inc. from May 1999 to August 2001 and a consultant for Boston Scientific Corporation from August 2001 to January 2002 after its acquisition of Cardiac Pathways in August 2001. Prior to Cardiac Pathways, Mr. Prescott held various sales, general management and

executive roles at Nellcor Puritan Bennett, Inc. from April 1994 to May 1999, and various management positions at GE Medical Systems from October 1987 to April 1994. In addition, Mr. Prescott served in sales, marketing and management roles at Siemens from December 1980 to July 1986. He received his B.S. in Civil Engineering from Arizona State University and Masters in Management from Northwestern University.

Greg J. Santora has served as a director of Align since July 2003. Mr. Santora served as Chief Financial Officer at Shopping.com, a provider of internet-based comparison shopping resources, from December 2003 until September 2005. From 1997 through 2002, he served as Senior Vice President and Chief Financial Officer for Intuit, Inc., a provider of small business and personal finance software. Prior to Intuit, Mr. Santora spent nearly 13 years at Apple Computer in various senior financial positions including Senior Finance Director of Apple Americas and Senior Director of Internal Consulting and Audit. Mr. Santora, who began his accounting career with Arthur Andersen LLP, has been a CPA since 1974. He serves on the board of directors of Taleo Corporation. Mr. Santora holds a B.S. in accounting from the University of Illinois and an M.B.A. from San Jose State University. Committees: Audit (Chair).

Warren S. Thaler has served as a director of Align since June 2004. Since 2001, Mr. Thaler has been President of Gund Investment Corporation, an investment firm owned by Gordon Gund with holdings in real estate as well as public and private equity securities. From 1995 to 2001, Mr. Thaler was Vice President of Gund Investment Corporation. From 1990 to 2005, Mr. Thaler was on the boards of the Cleveland Cavaliers and Gund Arena Company and from 2001 to 2005 represented the Cleveland Cavaliers as its Alternate Governor at meetings of the National Basketball Association's Board of Governors. Mr. Thaler currently serves as a board member on three privately held companies. Mr. Thaler received his B.A. from Princeton University and his M.B.A. from Harvard University. Committees: Audit and Nominating and Governance.

There are no family relationships between any director or executive officer.

The Board of Directors recommends that stockholders vote FOR the election of these nominees.

PROPOSAL TWO**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

The Audit Committee of the Board of Directors has selected PricewaterhouseCoopers LLP, independent registered public accountants (PwC), to audit the financial statements of Align for the fiscal year ending December 31, 2007. In making its recommendation to appoint PwC as Align's independent registered public accountants, the Audit Committee has considered whether the provision of the non-audit services rendered by PwC is compatible with maintaining the firm's independence.

Although stockholder ratification of the selection of PwC as our independent registered public accountants is not required by our Bylaws or any other applicable law, the Audit Committee is submitting the selection of PwC to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee and the Board of Directors will reconsider whether or not to retain that firm. Even if the selection is ratified, our Audit Committee, at its discretion, may direct the appointment of a different firm to act as our independent registered public accountants at any time during the year if it determines that such a change would be in our best interests and in the best interests of our stockholders.

Representatives of PwC are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Fees to PricewaterhouseCoopers LLP for Fiscal 2006 and 2005

The following table presents fees for professional services rendered by PwC for the audit of Align's annual financial statements for fiscal 2006 and 2005 and fees billed for audit-related services and tax services rendered by PwC for fiscal 2006 and 2005:

	2006	2005
Audit-fees(1)	\$ 1,084,348	\$ 809,820
Audit-related fees(2)	191,921	85,177
Tax Fees(3)	19,020	185,368
Total Fees:	\$ 1,295,289	\$ 1,080,365

(1) *Audit Fees* These are fees for professional services performed by PwC for the audit of Align's annual financial statements and review of financial statements included in Align's quarterly filings, and services that are normally provided in connection with statutory and regulatory filings or engagements, and attest services, except those not required by statute or regulation.

(2) *Audit-Related Fees* These are fees for technical advisory consultations performed by PwC that are reasonably related to the performance of the audit or review of Align's financial statements and are not reported under Audit Fees.

(3) *Tax Fees* These are fees for professional services performed by PwC with respect to tax compliance, tax advice and tax planning.

Audit Committee s Policy of Pre-Approval of Audit and Permissible Non-Audit Services

The Audit Committee s policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accountants subject to limited discretionary authority granted to our Chief Financial Officer. These services may include audit services, audit-related services, tax services and other services. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accountants and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accountants in accordance with this pre-approval and the fees for the services performed to date. All PwC services in 2006 and 2005 were pre-approved by the Audit Committee.

The Board of Directors recommends that stockholders vote FOR the ratification of PricewaterhouseCoopers LLP as Align s independent registered public accountants for the fiscal year ending December 31, 2007.

9

CORPORATE GOVERNANCE

Corporate Governance Policies and Practices

Align has instituted a variety of policies and practices to foster and maintain responsible corporate governance, including the following:

Corporate Governance Guidelines. Our Board of Directors has set forth its corporate governance practices in the *Corporate Governance Guidelines of Align Technology, Inc.*, a copy of which is available on the Investor Relations section of our website located at *investor.aligntech.com*. Selected provisions of the guidelines are detailed below.

Board Committee Charters. Our Board of Directors currently has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. Each committee has adopted a written charter that establishes practices and procedures for such committee in accordance with applicable corporate governance rules and regulations. These charters are available on the Investor Relations section of our website located at *investor.aligntech.com*. Set forth below under the heading Board of Directors and Committee Meetings are the names of each committee member, the number of meetings held by each committee in fiscal 2006, and a brief description of the functions performed by each committee.

Code of Ethics. Our Board of Directors has adopted a *Code of Business Conduct and Ethics* that is applicable to all directors, officers and employees of Align, including Align's principal executive officer, principal financial officer and controller. This Code is intended to deter wrongdoing and promote ethical conduct among our directors, executive officers and employees. The *Code of Business Conduct and Ethics* is available on the Investor Relations section of our website located at *investor.aligntech.com*. Stockholders may request free printed copies of our Code of Ethics from Align Technology, Inc., 881 Martin Avenue, Santa Clara, California 95050, Attn: Investor Relations or by sending an email to *investorinfo@aligntech.com*. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver of, a provision of this code of ethics by posting such information on our website at *investor.aligntech.com* or as otherwise required by Nasdaq listing standards and the rules of the Securities and Exchange Commission (the SEC).

Nominations for Directors

Process for Identifying and Evaluating Nominees and Relevant Criteria. The Nominating and Governance Committee considers candidates for Board membership suggested by Board members, management and stockholders of Align. The Nominating and Governance Committee has also retained from time to time a third-party executive search firm to identify independent director candidates. Where the Nominating and Governance Committee has either identified a prospective nominee or determines that an additional or replacement director is desirable, the Nominating and Governance Committee may take such measures that it considers appropriate in connection with its evaluation of a director candidate, including candidate interviews, inquiry of the person or persons making the recommendation or nomination, engagement of an outside search firm to gather additional information, or reliance on the knowledge of the members of the Nominating and Governance Committee, the Board or management. In its evaluation of director candidates, including the members of the Board of Directors eligible for reelection, the Nominating and Governance Committee considers a number of factors, including the following:

- the current size and composition of the Board of Directors and the needs of the Board of Directors and the respective committees of the Board;
- such factors as judgment, independence, character and integrity, age, area of expertise, diversity of experience, length of service, and potential conflicts of interest; and

- the prospective nominee's ability to dedicate sufficient time, energy and attention to the performance of his or her duties, including the prospective nominee's service on other public company boards, as specifically set out in our *Corporate Governance Guidelines*.

The Nominating and Governance Committee has also specified the following minimum qualifications that it believes must be met by a nominee for a position on the Board:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to Align's success; and
- an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities.

After completing the evaluation and review, the Nominating and Governance Committee makes a recommendation to the full Board as to the persons who should be nominated to the Board, and the Board determines and approves the nominees after considering the recommendation and report of the Nominating and Governance Committee.

Stockholder Recommendation of Nominees. Under our *Corporate Governance Guidelines*, the Nominating and Governance Committee is required to consider recommendations for candidates to the Board of Directors from stockholders holding at least 1% of the total outstanding shares of Align common stock (stockholders must have held such common stock continuously for at least 12 months prior to the date of the submission of the recommendation). The Nominating and Governance Committee will consider persons recommended by Align's stockholders in the same manner as a nominee recommended by the Board of Directors, individual Board members or management.

A stockholder may also nominate a person directly for election to the Board of Directors at an annual meeting of our stockholders provided their proposal meets the requirements set forth in our Bylaws and the rules and regulations of the SEC related to stockholder proposals. The process for properly submitting a stockholder proposal, including a proposal to nominate a person for election to the Board of Directors at an annual meeting, is described above in the answer to the question *Is there any information that I should know about future annual meetings?*

Director Independence

Current Board Members. In accordance with the Nasdaq listing standards, the Board undertook its annual review of the independence of its directors and considered whether any director had a material relationship with Align or its management that could compromise his ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, the Board affirmatively determined that current Board members H. Kent Bowen, David E. Collins, Joseph Lacob, C. Raymond Larkin, Jr., George J. Morrow, Greg J. Santora and Warren S. Thaler are independent directors. In addition, the Board previously determined that Kelsey J. Wirth and Brian Dovey, who did not stand for reelection at the 2006 Annual Meeting of Stockholders in May 2006, were each independent directors.

Mr. Thaler is the President of Gund Investment Corporation, an investment firm owned by Gordon Gund. As of March 31, 2007, Mr. Gund was the beneficial owner of approximately 11% of the shares of our outstanding common stock. After considering this information, the Board determined that

Mr. Thaler's employment by Gund Investment Corporation does not constitute a material relationship that affects Mr. Thaler's independence.

Board Committees. All members of each of our three standing committees are required to be, and the Board has determined that each member is, independent in accordance with Nasdaq rules.

Board of Directors and Committee Meetings

Meetings of the Board of Directors. Our Board of Directors held 10 meetings during fiscal 2006. All of our directors attended at least 75% of the meetings of the Board and the committees on which he serves.

Executive Sessions of Independent Directors. The Board periodically holds meetings of only the independent directors without management present. Our *Corporate Governance Guidelines* provide that the independent directors of the Board will meet in executive session at least twice a year.

Annual meeting attendance. Align encourages all Board members to attend the annual stockholder meeting. Last year, seven directors attended our annual meeting of stockholders.

Nominating and Governance Committee

The Nominating and Governance Committee is expected to identify, evaluate and recommend nominees to the Board of Directors as well as evaluate the composition, organization and governance of the Board of Directors and its committees and develop and recommend corporate governance principles and policies applicable to Align. The Nominating and Governance Committee also prepares and supervises the Board's annual review of director independence. A copy of the Nominating and Governance Committee Charter is available on the Investor Relations section of our website located at investor.aligntech.com.

The Nominating and Governance Committee, which currently consists of H. Kent Bowen, Joseph Lacob, C. Raymond Larkin Jr. and Warren S. Thaler held one meeting during fiscal 2006. None of the Nominating and Governance Committee members are employees of Align, and our Board of Directors has determined that each member is independent within the meaning of the Nasdaq corporate governance standards.

Audit Committee

The purpose of the Audit Committee is to, among other things, oversee and monitor our accounting and financial reporting processes, our financial statement audits, the qualifications, independence and performance of our independent auditors and our internal accounting and financial controls; to pre-approve audit and non-audit services; to provide oversight and monitor our Internal Audit Department; to review, approve and monitor our *Code of Business Conduct and Ethics*; and to establish procedures for receiving, retaining and treating complaints regarding accounting, internal accounting controls or auditing matters. A copy of the Audit Committee Charter is available on the Investor Relations section of our website located at investor.aligntech.com.

The Audit Committee, which currently consists of David E. Collins, Greg J. Santora and Warren S. Thaler, held 14 meetings during 2006. None of the Audit Committee members are employees of Align, and our Board of Directors has determined that each member is independent within the meaning of the Nasdaq listing standards and the rules and regulations of the SEC. Our Board of Directors has determined that Mr. Santora is qualified as an audit committee financial expert within the meaning of the rules of the SEC and has confirmed that the other members of the Audit Committee are able to read and understand financial statements. The report of the Audit Committee for fiscal 2006 is included in this proxy statement.

Compensation Committee

The Compensation Committee is responsible for Align's benefit plans, reviewing and administering all compensation arrangements for executive officers, and reviewing general compensation goals and guidelines for Align's employees and the criteria for which bonuses are to be determined. The Compensation Committee may form and delegate authority to subcommittees when appropriate. A copy of the Compensation Committee Charter is available on the Investor Relations section of our website located at *investor.aligntech.com*.

The Compensation Committee, which currently consists of H. Kent Bowen, David E. Collins and George J. Morrow, held 11 meetings during fiscal 2006. None of the Compensation Committee members are employees of Align, and our Board of Directors has determined that each member is independent within the meaning of the Nasdaq corporate governance standards. The report of the Compensation Committee for fiscal 2006 is included in this proxy statement.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee of the Board of Directors was at any time, since the formation of Align, an officer or employee of Align. No executive officer of Align serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on Align's Board of Directors or Compensation Committee.

Stockholder Communications with Board of Directors

Stockholders may communicate directly with the non-management directors of Align by sending an email to *board@aligntech.com*. Our General Counsel monitors these communications and ensures that appropriate summaries of all received messages are provided to the Board of Directors at its regularly scheduled meetings. In addition, the Chairman of the Nominating and Governance Committee has access to this email address and may monitor communications at his option. Where the nature of a communication warrants, our General Counsel may decide to obtain the more immediate attention of the appropriate committee of the Board of Directors or a non-management director, or Align's management or independent advisors, as our General Counsel considers appropriate. After reviewing stockholder messages, our Board of Directors will determine whether any response is necessary or warranted.

Director Compensation

The table below summarizes the compensation paid by Align to nonemployee directors for the fiscal year ended December 31, 2006. Mr. Thomas M. Prescott, our President and Chief Executive Officer, is not included in the table below because he is an employee of Align and, as such, receives no compensation for his service on the Board of Directors. The compensation received by Mr. Prescott is shown in the Summary Compensation Table on page 30 below.

Name	Fees earned or paid in cash (\$)	Stock awards (\$) (1)	Option awards (\$) (1)	All Other Compensation (\$)	Total (\$)
H. Kent Bowen(2)	45,000	0	89,690 (7)	0	134,690
David E. Collins(2)	64,250	0	126,642 (7)	0	190,892
Joseph Lacob(2)(3)	0	0	89,690 (7)	0	89,690
C. Raymond Larkin Jr.(2)(4)	194,500	35,586 (8)	268,386 (8)	0	498,472
George J. Morrow(2)(5)	36,250	0	89,171 (9)	0	125,421
Greg J. Santora(2)	56,250	0	201,370 (7)	0	257,620
Warren S. Thaler(2)	44,250	0	211,551 (7)	0	255,801
Brian Dovey(2)(6)	0	0	42,729 (10)	0	42,729
Kelsey Wirth(2)(6)	0	0	42,729 (10)	0	42,729

(1) Subject to the proviso in the second sentence of this footnote, the dollar value of the stock awards and option awards, as applicable, represent the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with SFAS 123 (revised 2004) Share-Based Payment (SFAS 123R) and, therefore, includes amounts from awards granted in and prior to 2006. Under SFAS 123R, Align's estimate of fair value requires a number of complex and subjective assumptions including our stock price volatility, employee exercise patterns (expected life of the options), related tax effects and future forfeitures; *provided that*, in accordance with the rules and regulations of the SEC, the compensation cost disclosed above, does not include an estimate of forfeitures related to service-based vesting conditions. Rather, compensation costs for these awards are disclosed assuming that a director will perform the requisite service to vest in the award. A more complete discussion of the relevant assumptions for awards granted in 2006 (all current directors), 2005 (all current directors other than Mr. Morrow) and 2004 (Messrs. Larkin and Thaler) is contained in Note 10 to Align's Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and is incorporated into this proxy statement by reference. For Messrs. Bowen, Lacob and Collins, this column also includes amounts from awards granted in 2003 and a more complete discussion of the relevant assumptions for such awards is contained in Note 7 to Align's Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and is incorporated into this proxy statement by reference.

(2) The aggregate number of stock awards and the aggregate number of option awards outstanding at year ended December 31, 2006 for each director is as follows:

Name	Option Awards	Stock Awards
Mr. Bowen	91,000	
Mr. Collins	99,000	
Mr. Lacob	151,000	