

ALIGN TECHNOLOGY INC  
Form DEF 14A  
April 06, 2017

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934

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 under §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 17, 2017

10:00 a.m.

TO OUR STOCKHOLDERS:

The 2017 Annual Meeting of Stockholders of Align Technology, Inc. ("Align") will be held on Wednesday, May 17, 2017, at 10:00 a.m. Pacific Daylight Time at Align's corporate headquarters located at 2560 Orchard Parkway, San Jose, California 95131.

Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement.

We are once again pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders over the Internet. We believe that this e-proxy process expedites stockholders' receipt of proxy materials, while lowering the costs of printing and distributing our proxy materials and reducing the environmental impact of our annual meeting. On or about April 6, 2017, we mailed to our beneficial stockholders a Notice containing instructions on how to access our Proxy Statement and Annual Report and how to vote online. All other stockholders will continue to receive a paper copy of the Proxy Statement, Proxy Card and Annual Report by mail. The Notice also contains instructions on how you can (i) receive a paper copy of the Proxy Statement, Proxy Card and Annual Report if you only received a Notice by mail or (ii) elect to receive your Proxy Statement and Annual Report over the Internet if you received them by mail this year.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, we hope that you will vote as soon as possible. You may vote via the Internet or by telephone, or, if you received paper copies of the proxy materials by mail, you may also vote by mail by following the instructions on the proxy card. Voting over the Internet or by telephone or by written proxy will ensure your representation at the Annual Meeting regardless of whether you attend in person.

Thank you for your ongoing support of, and continued interest in, Align Technology, Inc.

Sincerely,

ALIGN TECHNOLOGY, INC.

Roger E. George

Vice President, Corporate and Legal Affairs, General  
Counsel and Corporate Secretary

TABLE OF CONTENTS	Page
<u>NOTICE OF ANNUAL MEETING OF STOCKHOLDERS</u>	
<u>GENERAL INFORMATION</u>	1
<u>Q: Why Am I Receiving These Materials?</u>	1
<u>Q: What Information Is Contained In These Materials?</u>	1
<u>Q: Why did I Receive a Notice in the Mail Regarding the Internet Availability of the Proxy Materials Instead of a Paper Copy of the Full Set of Proxy Materials?</u>	1
<u>Q: Why Didn't I Receive a Notice in the Mail about the Internet Availability of the Proxy Materials?</u>	1
<u>Q: Can I Vote my Shares by Filling Out and Returning the Notice of Internet Availability of Proxy Materials?</u>	1
<u>Q: Who Can Vote At The Annual Meeting?</u>	1
<u>Q: What Is The Difference Between Holding Shares Directly Or As A Beneficial Owner, In Street Name?</u>	1
<u>Q: How Do I Vote?</u>	2
<u>Q: What If I Don't Give Specific Voting Instructions?</u>	2
<u>Q: Can I Change Or Revoke My Vote?</u>	3
<u>Q: What are we Voting on and what Vote Is Required To Approve Each Item?</u>	3
<u>Q: What Constitutes A Quorum?</u>	4
<u>Q: Who Will Bear The Cost Of Soliciting Votes For The Annual Meeting?</u>	4
<u>Q: Who Will Count The Vote?</u>	4
<u>Q: What Is The Company's Website Address?</u>	4
<u>Q: Where Can I Find The Voting Results Of The Meeting?</u>	4
<u>Q: What if multiple stockholders share the same address?</u>	4
<u>Q: Is There Any Information That I Should Know Regarding Future Annual Meetings?</u>	4
<u>PROPOSAL ONE ELECTION OF DIRECTORS</u>	5
<u>Nominees</u>	5
<u>Information Concerning The Nominees</u>	6
<u>Corporate Governance Policies And Practices</u>	10
<u>Director Independence</u>	15
<u>Stockholder Communications With Board</u>	15
<u>Director Compensation</u>	15
<u>PROPOSAL TWO RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS</u>	17
<u>Fees To PricewaterhouseCoopers LLP For 2016 and 2015</u>	18
<u>Audit Committee's Policy Of Pre-Approval Of Audit And Permissible Non-Audit Services</u>	18
<u>REPORT OF THE AUDIT COMMITTEE OF THE BOARD</u>	19
<u>PROPOSAL THREE ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS</u>	20
<u>PROPOSAL FOUR ARTICLE V OF OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE THE "FOR CAUSE" REQUIREMENT FOR STOCKHOLDER REMOVAL OF A DIRECTOR</u>	22
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	23
<u>EXECUTIVE COMPENSATION</u>	24
<u>Compensation Discussion And Analysis</u>	24
<u>Compensation Committee of the Board Report</u>	38
<u>Summary Compensation Table For Fiscal Year Ended 2016</u>	39
<u>Grants Of Plan-Based Awards For Fiscal Year Ended 2016</u>	40
<u>Outstanding Equity Awards At Fiscal 2016 Year End</u>	43
<u>Option Exercises And Stock Vested During Fiscal Year Ended 2016</u>	45
<u>Potential Payment Upon Termination Or Change Of Control</u>	46
<u>PRINCIPAL STOCKHOLDERS</u>	51
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	53

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

54

OTHER MATTERS

55

APPENDIX A

A-1

i

---

ALIGN TECHNOLOGY, INC.

2560 Orchard Parkway  
San Jose, California 95131

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date 10:00 a.m., Pacific Daylight Time, on Wednesday, May 17, 2017

Place Corporate Headquarters, 2560 Orchard Parkway, San Jose, California 95131

Items of Business

1.  
To elect the nine (9) directors named in this proxy statement
2.  
To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accountants for the fiscal year ending December 31, 2017
3.  
To conduct an advisory (non-binding) vote on executive compensation
4.  
To conduct an advisory (non-binding) vote on the frequency with which stockholders will vote on a non-binding resolution to approve the compensation of our executive officers in future years
5.  
To consider such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof

Adjournments and Postponements Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.

Record Date Only stockholders who owned shares of our common stock at the close of business on March 22, 2017 are entitled to vote.

Meeting Admission 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. If you attend, please know 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 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.

Voting Your vote is very important. Regardless of whether you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote your shares over the Internet or by telephone. If you received a paper copy of a proxy card by mail, you may submit your proxy for the annual meeting by completing, signing, dating and returning your proxy card in the pre-addressed envelope provided. For specific instructions on how to vote your shares, please refer to the section entitled General Information - How do I vote? in the proxy statement.

This notice of annual meeting and proxy statement and form of proxy are being distributed and made available on the Internet on or about April 6, 2017.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 17, 2017. The proxy statement and Align Technology, Inc.'s Annual Report on Form 10-K are available electronically at <http://www.viewproxy.com/aligntech/2017>.

## PROXY STATEMENT SUMMARY

This summary highlights selected information contained in this Proxy Statement. It does not contain all the information you should consider and as such we urge you to carefully read the Proxy Statement in its entirety prior to voting. For additional information, please review the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

## MEETING AGENDA AND VOTING RECOMMENDATIONS

Item	Voting Standard	Vote Recommendation	Page Reference
<sup>1</sup> Annual Election of Directors	Majority of votes cast	FOR each nominee	5
<sup>2</sup> Ratification of Independent Registered Public Accounting Firm	Majority of votes cast	FOR	17
<sup>3</sup> Advisory Vote on Named Executive Officer Compensation	Majority of votes cast	FOR	20
<sup>4</sup> Advisory (non-binding) vote on the frequency with which stockholders will vote on a non-binding resolution to approve the compensation of our executive officers in future years	Majority of votes cast	EVERY YEAR	22

## DIRECTOR NOMINEES

You are being asked to vote on the election of these 9 directors. Each member of our Board of Directors is elected annually by majority voting. All directors other than Mr. Prescott and Mr. Hogan are independent.

Name	Age	Director Since	Primary Occupation	Independent?	Committee Memberships*			
Joseph M. Hogan	59	2015	President & CEO, Align Technology, Inc.	No				
Joseph Lacob	61	1997	Managing Partner & CEO of The Golden State Warriors	Yes		C		X
C. Raymond Larkin, Jr. (1)	68	2004	Principal of Group Outcome LLC	Yes		X		
George J. Morrow	65	2006	Retired, EVP of Worldwide Sales & Marketing, Amgen, Inc.	Yes		C		
Thomas M. Prescott	61	2002	Retired, President & CEO, Align Technology, Inc.	No				X
Andrea L. Saia	59	2013	Retired, Global Head of Vision Care, Novartis AG	Yes		X	X	X
Greg J. Santora	65	2003	Retired, CFO, Shopping.com	Yes		C	X	
Susan E. Siegel	56	2017	CEO, GE Ventures	Yes				
Warren S. Thaler	54	2004	President, Gund Investment Corporation	Yes		X	X	X

(1) Mr. Larkin is Chairman of the Board of Directors

\*AC = Audit; CC = Compensation; NCCG = Nominating and Corporate Governance; TC= Technology; X = Member; C = Chair

## CORPORATE GOVERNANCE HIGHLIGHTS

We recognize the importance of corporate governance as a component of providing long-term stockholder value. Since the last Annual Meeting of Stockholders, we have continued to review and update our corporate governance practices to ensure that our policies are aligned with stockholder interests and corporate governance best practices.

### INDEPENDENCE

§ 7 of 9 director nominees are independent

§ Independent Chairman of the Board has strong role with significant governance responsibilities

§ The Audit, Compensation and Nominating and Governance Committees are each comprised wholly of independent directors

§ Independent directors meet regularly in executive session without management present

### ACCOUNTABILITY

§ Annual election of directors

§ Majority voting in uncontested elections

§ Annual performance self-evaluations by Board and committees

### BEST PRACTICES

§ Double-trigger for all cash compensation arrangements in the event of a change of control for all executives

§ Stock ownership requirements for directors and executives that are reviewed annually. In 2016, we increased the ownership guidelines for each executive officer (other than the CEO who is at 5 times his salary) from 1.0 times his or her salary to 2.0 times his or her salary.

§ Insider Trading Policy prohibits officers, directors and employees from engaging in hedging transactions or pledging Align's securities as collateral for loans

### RISK OVERSIGHT

§ Board oversight of our overall risk management infrastructure

§ Committee oversight of certain risks related to each committee's area of responsibility



## FISCAL 2016 PERFORMANCE HIGHLIGHTS

Fiscal 2016 was a year of continued solid performance for Align as highlighted in the discussion below.

### Strong Revenue Growth and Record Net Revenues

2016 net revenues were \$1.1 billion, a 27.7% increase from 2015. This revenue growth reflects growth across all customer channels and geographies, as well as the expansion of our customer base and increased utilization of Invisalign clear aligners by existing doctors.

### Record Invisalign Case Shipments and Strong Growth Trend

In 2016, we shipped a record 708.5 thousand Invisalign cases, an increase of 21.5% compared to 2015. This growth rate reflects:

- 32.4% volume growth from International doctors driven by increased adoption and utilization of Invisalign clear aligners as well as expansion of our customer base

- 16.4% volume growth from North American doctors driven by continued adoption by orthodontists as seen in record utilization of Invisalign clear aligners; and solid growth from general practitioner dentists, especially with our non-comprehensive Invisalign Express products.

## Operating Margin

Full year operating income of \$248.9 million, or 23.1% of revenue.

\* Operating Margin for 2012 and 2013 is Non-GAAP. A reconciliation of GAAP to non-GAAP can be found in Appendix A to this Proxy Statement.

Our results reflect solid execution of our strategic growth drivers with product and technology innovation being the key. In 2016, we:

Launched iTero Element 1.4 software and Invisalign Outcome Simulator 4.0 application: We announced the iTero Element 1.4 new software upgrade which includes color scanning, restorative pre-treatment scanning and optimized orthodontic scanning. In addition, the iTero scanners include the enhanced Invisalign Outcome Simulator 4.0 application now with Invisalign 3D Progress Tracking and Patient Simulation Sharing.

Launched Invisalign G7: We announced Invisalign G7, a new set of features designed to deliver greater control of tooth movements and improved treatment outcomes. Invisalign G7 builds on earlier Invisalign G-series releases with new features to fine-tune certain tooth movements and deliver treatment outcome quality that Invisalign providers expect, particularly with teenage patients.

Announced Weekly Aligner Wear Recommendation: We announced one-week aligner wear recommendation for all Invisalign Full, Teen and Assist products instead of two-week aligner wear for each stage of Invisalign treatment.

Continued Invisalign product innovation including "G-Series" features, SmartTrack aligner material, and clinically proven treatment predictability, allowed the company to confidently recommend one-week wear.

Launched ClinCheck Pro 5.0: We announced ClinCheck Pro 5.0, the next generation Invisalign treatment software, with ability to view side-by-side treatment plans, a more realistic 3D visual model, and a new configurable toolbar for even greater flexibility.

Extended Commercial Availability in India: We announced commercial availability of the Invisalign system in India in February 2016. Align is offering a comprehensive range of products including Invisalign Full, Invisalign Teen, Invisalign Lite clear aligners, and Vivera Retainers. We began training doctors in Delhi, Mumbai, Pune, Chandigarh, Chennai, and expanded into Bangalore, Ahmedabad, Hyderabad, Calcutta, and Cochin over the year. We also launched a consumer marketing campaign.

Implemented New Enterprise Resource Planning ("ERP") System: We implemented a new ERP system in July, which provides a foundation that enables new capabilities, improves speed of execution, and will be used to improve our customers' experience.

## Stock Repurchased in 2016

We generated \$247.7 million of cash flow from operations in 2016 from which we repurchased 1.1 million shares, returning approximately \$96.2 million to our stockholders. This reduced our average diluted shares outstanding by 1.36%, which approximated our 2016 annual net burn rate of 0.8%.

## FISCAL 2016 EXECUTIVE COMPENSATION HIGHLIGHTS

Our 2016 executive compensation program was designed after consideration of Align's outstanding 2015 business and financial performance. Our executive compensation program emphasizes performance-based pay with over 65% of annual target compensation for our named executive officers being paid through equity, providing direct alignment with returns to stockholders and incentives to drive long-term business success. The table below highlights the 2016 annual target compensation for our CEO, Joe Hogan, and the average other named executive officer (excluding our new CFO who joined Align in November 2016). It also shows the delivery of cash versus equity and the significant portion of compensation that is performance-based. See further explanation in the Executive Summary of the Compensation Discussion & Analysis on page 24 of the Proxy Statement.

### COMPENSATION ELEMENT: DESCRIPTION:

Salary	Annual base pay (fixed)
Cash Incentive (Bonus)	Cash-based incentive compensation; annual performance-based bonus (variable)
Restricted Stock Units ("RSUs")	Equity whose value increases with stock price (variable)
Market Stock Units ("MSUs")	Performance-based equity using 3-year relative stock price (variable)
Other Compensation	Includes limited perquisites and other personal benefits

ALIGN TECHNOLOGY, INC.  
2560 Orchard Parkway  
San Jose, California 95131

---

PROXY STATEMENT FOR THE  
2017 ANNUAL MEETING OF STOCKHOLDERS

---

GENERAL INFORMATION

Q: Why am I receiving these materials?

Our Board of Directors (the "Board") is providing these materials to you in connection with its solicitation of proxies for use at Align's 2017 Annual Meeting of Stockholders, which will take place on Wednesday, May 17, 2017 at A: 10:00 a.m. local time, at our corporate headquarters located at 2560 Orchard Parkway, San Jose, California 95131 (referred to in this proxy statement as the "Annual Meeting"). As a stockholder, you are invited to attend the Annual Meeting and are requested to vote on the items of business described in this proxy statement.

Q: What information is contained in these materials?

The proxy materials include our proxy statement for the Annual Meeting and our 2016 Annual Report on Form 10-K. If you received a paper copy of these materials by mail, the proxy materials also include a proxy card for the Annual Meeting. If you received a notice of the Internet availability of the proxy materials A: instead of a paper copy of the proxy materials, see "How do I vote?" below. The information in 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.

Q: Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the full set of proxy materials?

This year, we are once again pleased to be using the SEC rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our stockholders a notice of the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All stockholders receiving the notice will have the ability to access the proxy materials over the Internet and request a paper copy of the proxy A: materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in the notice of the Internet availability of the proxy materials. In addition, the notice contains instructions on how you may request to access proxy materials in printed form by mail or electronically on an ongoing basis.

Q: Why didn't I receive a notice in the mail about the Internet availability of the proxy materials?

A: We provide some of our stockholders with paper copies of the proxy materials instead of a notice of the Internet availability of the proxy material.

Q: Can I vote my shares by filling out and returning the Notice of Internet Availability of Proxy Materials?

A: No. The Notice only identifies the items to be voted on at the Annual Meeting. You cannot vote by marking the Notice and returning it. The Notice provides instructions on how to cast your vote.

Q: Who can vote at the Annual Meeting?

A: If you are a stockholder of record or a beneficial owner who owned our common stock at the close of business on March 22, 2017, the record date for the Annual Meeting, you are entitled to vote at the Annual Meeting. As of the

record date, 80,323,453 of our common stock were issued and outstanding and no shares of our preferred stock were issued and outstanding.

Q: What is the difference between holding shares directly or as a beneficial owner, in street name?

A: Most of our stockholders hold their shares as a beneficial owner through a brokerage firm, bank or other nominee. As summarized below, there are some differences between shares held of record and those owned beneficially.

1

---

**Stockholder of Record:** If on March 22, 2017, the record date, your shares were registered directly in your name with our transfer agent, Computershare Limited, then you are considered the stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy.

**Beneficial Owner:** If on March 22, 2017, the record date, your shares were held on your behalf in an account with a brokerage firm, bank or other nominee, you are considered the beneficial owner of those shares held in street name. If you are a beneficial owner, these proxy materials are being forwarded to you by the organization considered the stockholder of record of your shares. As a beneficial owner, you have the right to direct your nominee on how to vote the shares held in your account. Your nominee has enclosed or provided voting instructions for you to use in directing it on how to vote your shares. Please note that as a beneficial owner, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from the organization that holds your shares and is the stockholder of record, giving you the right to vote the shares at the Annual Meeting.

**Q:**How do I vote?

**A:** Voting by Mail. Stockholders who received a paper copy of a proxy card by mail may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope. Proxy cards submitted by mail must be received prior to the closing of the polls at the Annual Meeting in order for the votes to be recorded.

Voting via the Internet. Stockholders who received a notice of the Internet availability of the proxy materials by mail may submit proxies over the Internet by following the instructions on the Notice. Stockholders who received a paper copy of a proxy card by mail may submit proxies over the Internet by following the instructions on the proxy card. Most of Align's stockholders who hold shares beneficially in street name may vote by accessing the website specified in the voting instructions provided by their broker or other nominee. A number of banks and brokerage firms are participating in a program provided through Broadridge Investor Communication Solutions that offers the means to grant proxies to vote shares through the Internet. If your shares are held in an account with a broker or bank participating in the Broadridge Investor Communication Solutions program, you may grant a proxy to vote those shares via the Internet by contacting the website shown on the instruction form received from your broker or bank. Your vote must be received by 8:59 p.m. Pacific Time, on May 16, 2017.

Voting by Telephone. Stockholders of record may submit proxies by following the "Vote by Telephone" instructions on their proxy cards or on the notice of Internet availability, as applicable, until 8:59 p.m. Pacific Time, on May 16, 2017.

Voting in Person at the Annual Meeting. Shares held in your names as the stockholder of record may be voted in person at the Annual Meeting. If, however, you are the beneficial owner of shares held in street 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 your shares. Even if you plan to attend the Annual Meeting, we recommend that you also vote by proxy as described below so that your vote will be counted if you later decide not to attend the meeting.

**Q:**What if I don't give specific voting instructions?

**A:** In the election of directors, you may vote "FOR," "AGAINST" or "ABSTAIN." If you elect to "ABSTAIN" in the election of directors, the abstention will not impact the election of directors. In tabulating the voting results for the election of directors, only "FOR" and "AGAINST" votes are counted.

For the other items of business, you may vote "FOR", "AGAINST" or "ABSTAIN". For these other items of business, if you elect to abstain, the abstention will have the same effect as an "AGAINST" vote.

If you indicate your choice on your proxy on a particular matter to be acted upon, the shares will be voted as indicated.

If you are a stockholder of record and you return a signed proxy card but do not indicate how you wish to vote, the proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting. If you do not return the proxy card, your shares will not be voted and will not be deemed present for the purpose of determining whether a quorum exists.

If you are a beneficial owner and the organization holding your account does not receive instructions from you as to how to vote those shares, under the rules of various national and regional securities exchanges, that organization may

exercise discretionary authority to vote on routine proposals (the ratification of the appointment of PricewaterhouseCoopers LLP as our independent public accountants) but may not vote on non-routine proposals (each of the other three proposals). We encourage you to provide instructions to your broker regarding the voting of your shares.

If you do not provide voting instructions to your broker and the broker has indicated that it does not have discretionary authority to vote on a particular proposal, your shares will be considered “broker non-votes” with regard to that matter. Broker non-votes will be considered as represented for purposes of determining a quorum but generally will not be considered as entitled to vote with respect to a particular proposal. Broker non-votes are not counted for purposes of determining the number of

votes cast with respect to a particular proposal. Thus, a broker non-vote will make a quorum more readily obtainable, but the broker non-vote will not otherwise affect the outcome of the vote on a proposal that requires the affirmative vote of a majority of the shares present and entitled to vote.

Q: Can I change or revoke my vote?

A: Subject to any rules your broker or other nominee may have, you may change your proxy instructions at any time before your proxy is voted at the Annual Meeting.

If you are a stockholder of record, you may either:

• Sign and return another proxy bearing a later date prior to the time we take the vote at the Annual Meeting;

• Submit a timely and valid Internet or telephone vote on a later date but prior to the time we take the vote at the Annual Meeting;

• provide written notice of the revocation to:

Corporate Secretary

Align Technology, Inc.

2560 Orchard Parkway

San Jose, California 95131

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.

If you are a beneficial owner of shares held in street name, you may either:

• submit new voting instructions to your broker or other nominee; or

• if you have obtained a legal proxy from your broker or other nominee giving you the right to vote your shares at the Annual Meeting, attend the Annual Meeting and vote in person.

Q: What are we voting on and what vote is required to approve each item?

A: The proposals that will be presented at the Annual meeting, our Board's voting recommendations and the vote required and the way the vote is calculated for the proposals is as follows:

PROPOSAL	Vote Required	Board's Voting Recommendation	Broker Discretionary Voting Allowed?
Proposal 1 — To Elect Nine (9) Director Nominees	A nominee must receive more "for" votes than "against" votes and the number of votes "for" must be the majority of the required quorum	FOR	NO
Proposal 2 — To Ratify the Appointment of PwC as the Company's Independent Registered Public Accounting Firm for Fiscal 2017	Majority of Shares Entitled to Vote and Present in Person or Represented by Proxy	FOR	YES
Proposal 3 — To Consider an Advisory Vote to Approve the Compensation of our Named Executive Officers	Majority of Shares Entitled to Vote and Present in Person or Represented by Proxy	FOR	NO
Proposal 4 — To Consider an Advisory Vote on the Frequency to Hold an Advisory Vote to Approve the Compensation of our Named Executive Officers	Majority of Shares Entitled to Vote and Present in Person or Represented by Proxy	EVERY YEAR	NO





We will also consider any other business that properly comes before the Annual Meeting. As of April 6, 2017, we are not aware of any other matters to be submitted for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, the persons named in the proxy cards will vote the shares they represent using their best judgment.

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, 80,323,453 shares of common stock, representing the same number of votes, were outstanding. That means that we need the holders of at least 40,161,727 shares of common stock to be represented for us to have 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 or vote via the Internet or by telephone. Under the General Corporation Law of the State of Delaware, abstentions and broker "non-votes" are counted as present and entitled to vote and so are included for purposes of determining whether a quorum is present at the Annual Meeting.

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. None of these officers, directors or employees will receive special compensation for such services. 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 the Company will tabulate the proxies and act as inspector of the election.

Q: What is the Company's website address?

A: Our website address is [www.aligntech.com](http://www.aligntech.com). We make this proxy statement, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended available on our website in the Investor Relations section, as soon as reasonably practicable after electronically filing such material with the Securities and Exchange Commission ("SEC").

This information is also available free of charge at [www.sec.gov](http://www.sec.gov), an Internet site maintained by the SEC that contains reports, proxy and information statements and other information regarding issuers that are filed electronically with the SEC. Stockholders may obtain free copies of the documents filed with the SEC by contacting our Investor Relations department at by sending a written request to Align Technology, Inc., 2560 Orchard Parkway, San Jose, California 95131, Attn: Investor Relations or by sending an email to [investorinfo@aligntech.com](mailto:investorinfo@aligntech.com).

Q: Where can I find the voting results of the meeting?

A: The preliminary results will be announced at the Annual Meeting. The final results will be published in a Current Report on Form 8-K, which we will file with the SEC by May 23, 2017.

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 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., 2560 Orchard Parkway, San Jose, California 95131, Attn: Investor Relations. You may also contact us by calling or writing if you would like to receive separate materials for future annual meetings.

Q:

Is there any information that I should know regarding future annual meetings?

Stockholder proposals may be included in our proxy statement for an annual meeting so long as they are provided to us on a timely basis and satisfy the other conditions set forth in SEC regulations under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. For a stockholder proposal to be considered for inclusion in our proxy statement for the annual meeting to be held in 2018, we must receive the A: proposal at our principal executive offices, addressed to the Corporate Secretary, no later than December 7, 2017. In addition, a stockholder proposal that is not intended for inclusion in our proxy statement under Rule 14a-8 may be brought before the 2018 annual meeting so long as we receive information and notice of the proposal in compliance with the requirements set forth in our Bylaws, addressed to the Corporate Secretary at our principal executive offices, not later than February 15, 2018 nor earlier than January 16, 2018.

PROPOSAL ONE  
ELECTION OF DIRECTORS

Nominees

Our Board is elected each year at the annual meeting of stockholders. As of the date of this proxy statement, Align's Bylaws fix the current number of directors at 9. On the recommendation of the Nominating and Governance Committee, the Board has nominated the 9 persons named below for election as directors this year, each to serve for a one-year term or until the director's successor is elected and qualified.

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 to fill the vacancy. As of the date of this Proxy Statement, our Board is not aware of any nominee who is unable or will decline to serve as a director.

Our Bylaws require that a director nominee will be elected only if he or she receives a majority of the votes cast with respect to his or her election in an uncontested election (that is, the number of shares voted "for" a director nominee must exceed the number of votes cast "against" that nominee). Each of our director nominees is currently serving on the Board. If a nominee who is currently serving as a director is not re-elected, Delaware law provides that the director would continue to serve on the Board as a "holdover director." Under our Bylaws and Corporate Governance Guidelines, each director submits an advance, contingent, irrevocable resignation that the Board may accept if stockholders do not re-elect the director. In that situation, our Nominating and Governance Committee would make a recommendation to the Board about whether to accept or reject the resignation, or whether to take other action. The Board would act on the Nominating and Governance Committee's recommendation, and publicly disclose its decision and the rationale behind it within 90 days from the date that the election results were certified.

You may either vote "For" or "Against" any nominee you specify. Unless marked otherwise, proxies returned to us will be voted for each of the nominees named below. If you hold your shares through a bank, a broker or other holder of record you must instruct your bank, broker or other holder of record to vote so that your vote can be counted on this Proposal 1.

OUR BOARD RECOMMENDS THAT YOU VOTE "FOR" ALL NOMINEES

Information Concerning the Nominees

Joseph M. Hogan  
Age: 59  
Director since 2015  
No Board committees

Mr. Hogan has served as our President and Chief Executive Officer and a member of our Board since June 2015. Prior to joining us, Mr. Hogan was Chief Executive Officer of ABB Ltd., a global power and automation technologies company based in Zurich, Switzerland, from 2008 to 2013. Prior to ABB, Mr. Hogan worked at General Electric Company (GE) in a variety of executive and management roles from 1985 to 2008, including eight years as Chief Executive Officer of GE Healthcare from 2000 to 2008. Mr. Hogan earned a MSBA from Robert Morris University and a B.S. in Business Administration from Geneva College.

Mr. Hogan is an accomplished chief executive with extensive experience in leading the strategic and operational aspects of large and complex, international organizations in the healthcare and technology industries. As the President and Chief Executive Officer of Align, Mr. Hogan is responsible for management's execution of operational objectives and serves as an integral connection between the Board of Directors and Align's management team, enabling alignment between the Board's strategic expectations and Align's current and future strategy and operations.

Joseph Lacob  
Age: 61  
Director since 1997  
Board committees:  
Nominating and Governance  
(Chair) and Technology

Mr. 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. In 2011, Mr. Lacob acquired The Golden State Warriors of the National Basketball Association. He is currently the Managing Partner and CEO of the Warriors. Prior to joining KPCB in 1987, 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. He was previously on the board of directors of Orexigen Therapeutics, a biopharmaceutical company focused on the development of pharmaceutical product candidates for the treatment of obesity. Mr. Lacob received his B.S. in Biological Sciences from the University of California at Irvine, his Masters in Public Health from the University of California at Los Angeles and his M.B.A. from Stanford University.

Mr. Lacob has demonstrated success in his business and leadership skills, serving as a partner of KPCB since 1987. In his role at KPCB, he has gained considerable technology, health care and life sciences industry experience. During his career at KPCB, Mr. Lacob has been closely involved with investments in over fifty life science companies, including the start-up or incubation of a dozen ventures, and with KPCB's medical technology practice, which includes over thirty therapeutic and diagnostic medical device companies. With this extensive business background, Mr. Lacob also brings considerable finance and investment experience that has proven to be valuable in addressing issues that arise at Align.

C. Raymond  
Larkin Jr.  
(Chairman of  
the Board)  
Age: 68  
Director since  
2004  
Board  
committees:  
Nominating  
and  
Governance

Mr. Larkin has served as a director of Align since March 2004. In February 2006, Mr. Larkin was appointed as Chairman of the Board. He currently is a Principal of Group Outcome L.L.C., a merchant banking firm concentrating on medical technologies. From 2001 to 2007, he 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 1998. 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 directors of Heartware, Inc., a medical device company developing implant devices for the treatment of advanced heart failure. Mr. Larkin received his B.S. in Industrial Management from LaSalle University.

Mr. Larkin brings with him considerable business experience in the medical device industry serving as President and CEO of a large public company. In his role as President and CEO of Nellcor Puritan Bennett, Inc., Mr. Larkin took on significant management, strategic and operational responsibilities leading that business through significant growth, including numerous mergers & acquisitions. This operational experience has proven valuable in addressing issues that have arisen at Align. With his knowledge of the medical device and health care industry, Mr. Larkin provides valuable insight to our Board. Mr. Larkin's experience as a member of the board of directors of various public companies provides Mr. Larkin a deep understanding of the role of the board of directors and positions him well to serve as our Chairman.

George J.  
Morrow  
Age: 64  
Director since  
2006  
Board  
committees:  
Compensation  
(Chair)

Mr. Morrow has served as a director of Align since February 2006. From February 2011 until January 2013, Mr. Morrow served as a consultant to Amgen Inc., a global biotechnology company. From 2003 until his retirement in February 2011, he was the Executive Vice President, Global Commercial Operations at Amgen Inc., 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. He is a member of the board of directors of Vical Incorporated, a company that researches and develops biopharmaceutical products, Otonomy, Inc., a clinical-stage biopharmaceutical company focused on the development and commercialization of innovative therapeutics for diseases and disorders of the inner and middle ear. He was on the board of Safeway Inc., a food and drug retailer from May 2013 until February 2015 and Human Genome Sciences, Inc., a biopharmaceutical discovery and development company, from March 2011 until its acquisition in August 2012 by GlaxoSmithKline plc. 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.

As a former executive vice president at Amgen and Glaxo, two large public companies, Mr. Morrow brings to our Board considerable business experience in the medical technology industry. As part of the executive leadership at Amgen, Mr. Morrow has recent front-line exposure to many of the issues facing public companies today, particularly on the operational, regulatory, financial and corporate governance fronts. Mr. Morrow's leadership skills and experience make him knowledgeable of the complex issues facing global companies today and give him an understanding of what makes businesses work effectively and efficiently. These skills and experience are extremely valuable to our Board and enable Mr. Morrow to be an effective Compensation Committee chairman.

Thomas M. Prescott  
Age: 61  
Director since 2002  
Board committees:  
Technology

Mr. Prescott served as our President and Chief Executive Officer from 2002 until his recent retirement in June 2015. 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 AG 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. Mr. Prescott has served as a member of the Board since joining the Company in 2002.

Mr. Prescott's 13 years of experience at our Company as our CEO gives him deep knowledge and understanding of Align and its business. Mr. Prescott's prior experience as CEO of another publicly traded medical device company demonstrates his leadership capability and business acumen. His experience with strategic and operational issues in the life sciences industry along with his service on the board of directors of other companies in this industry gives him insight into the issues facing this industry and brings valuable expertise to our Board and our Technology Committee.

Andrea L. Saia  
Age: 59  
Director since 2013  
Board committees:  
Audit, Compensation and Technology

Ms. Saia has served as a director of Align since July 2013. Ms. Saia was previously the Global Head of Vision Care in the Alcon division of Novartis AG, from 2011 until her retirement in 2012. Prior to this role, she served as President and Chief Executive Officer of CibaVision Corporation, a subsidiary of Novartis, from 2008 to 2011. From 2005 to 2007, she relocated to Switzerland and served as President of Europe, Middle East, and Africa operations, CibaVision's largest regional business unit. She initially joined CibaVision in 2002 as Global Head of Marketing and was promoted to President of the Global Lens Business the following year. Prior to Novartis, Ms. Saia was the Chief Marketing Officer for GCG Partners Inc. Ms. Saia also held senior management and marketing positions with global consumer products companies such as Procter & Gamble Co., Unilever, and Revlon, Inc. Ms. Saia earned an M.B.A. from J.L. Kellogg Graduate School of Business and a B.S. in Business Administration from Miami University. Ms. Saia also served on the board of directors of Coca-Cola Enterprises, Inc., the marketer, producer and distributor of Coca-Cola products in European markets from 2012 to 2016. Since July 2016, Ms. Saia has also served on the board of directors of LivaNova PLC, a global medical technology company.

Ms. Saia brings to the Board extensive global business experience, a broad understanding of the healthcare, medical device and consumer products industries, strong management skills and operational expertise through her positions at Novartis. In those positions, she dealt with a wide range of issues as they rebuilt and strengthened the innovation and operating functions, and delivered industry leading sales and profit growth. The Board believes that her extensive knowledge of healthcare, medical device and consumer products industries provides her with insights that are particularly helpful and valuable to our Board. In addition, Ms. Saia also serves on the board of directors of another publicly traded company, which gives her insight and perspective into current best practices at the board level and enables her to be an effective contributing member of our Board and our Audit Committee and a strong addition to the Compensation Committee and Technology Committee.

<p>Greg J. Santora Age: 65 Director since 2003 Board committees: Audit (Chair) and Compensation</p>	<p>Mr. 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 L.L.P., has been a CPA since 1974. He serves on the board of directors of RetailMeNot, Inc., a digital coupon site, since May 2013. In addition, he served on the board of directors of Taleo Corporation, a provider of on-demand talent management solutions until its acquisition by Oracle Corporation in April 2012. Mr. Santora holds a B.S. in Accounting from the University of Illinois and an M.B.A. from San Jose University.</p> <p>Mr. Santora is an experienced financial leader with over 35 years of finance and accounting experience gained through his education and work at a major accounting firm and his later positions as Chief Financial Officer of Intuit and Shopping.com. The compliance, financial reporting and audit expertise Mr. Santora gained in his senior finance and operations roles, including as chief financial officer, has proven valuable in addressing issues that have arisen at Align during Mr. Santora's tenure as Audit Committee chairman. Mr. Santora's service on the board of directors and audit committee of another publicly traded company, gives him insight and perspective into current best practices with respect to finance organizations and the audit committee function.</p>
<p>Susan E. Siegel Age: 56 Director since 2017 No Board committees</p>	<p>Susan E. Siegel has been a member of our Board of Directors since 2017. Since 2012, she has been chief executive officer of GE Ventures, General Electric's growth and innovation business. Prior to joining GE, from May 2006 to May 2012, she was a General Partner at Mohr Davidow Ventures, where she led investments in personalized medicine, digital health, and life sciences. From April 1998 to April 2006, Ms. Siegel was at Affymetrix, Inc. where she served as President and as a member of the board of directors. Ms. Siegel holds a B.S. in Biology from the University of Puerto Rico and a M.S. in Biochemistry and Molecular Biology from Boston University Medical School.</p> <p>We believe that Ms. Siegel possesses specific attributes that qualify her to serve as a member of our Board of Directors, including her experience of growing biotechnology companies for over 30 years by bringing key enabling technologies to the forefront of biomedical research and healthcare and for her pioneering leadership in personalized medicine.</p>
<p>Warren S. Thaler Age: 54 Director since 2004 Board committees: Audit, Nominating and Governance, and Technology</p>	<p>Mr. 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. Since 1990, Mr. Thaler has served on the board of directors of several privately held companies owned by the Gund family. From 1990 to 2005, Mr. Thaler was on the board of directors 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 received his B.A. from Princeton University and his M.B.A. from Harvard University.</p> <p>Mr. Thaler's demonstrated executive level management skills make him an important advisor to our Board. His success in building businesses as well as his finance and investment experience gained at Gund and through his education makes Mr. Thaler well suited for our Audit Committee. Mr. Thaler's business background makes him a valuable component of a well rounded Board and a key member of the Board's audit, nominating and governance, and technology committees.</p>
<p>There are no family relationships between any director or any of Align's executive officers.</p>	





## CORPORATE GOVERNANCE

### Corporate Governance Policies and Practices

We are committed to implementing and following high standards of corporate governance, which we believe are important to the success of our business, creating stockholder value and maintaining our integrity in the marketplace. Align also maintains a corporate governance page on its website that includes additional related information, as well as our codes of conduct, principles of corporate governance, and the charters for each of the standing committees of the Board of Directors. The corporate governance page can be found by clicking on the "Corporate governance" link of the "Investors" section of our website at [www.aligntech.com](http://www.aligntech.com).

We continue to maintain a variety of policies and practices to foster and maintain responsible corporate governance, including the following:

**Anti-Hedging and Anti-Pledging Policy.** Our Insider Trading Policy prohibits executive officers, directors and employees from engaging in hedging transactions or pledging the Company's securities as collateral for loans.

**Eliminated "for cause" requirement for stockholder removal of a director.** At our Annual Meeting of Stockholders held in May 2016, our stockholders approved an amendment to our Certificate of Incorporation to eliminate the "for cause" requirement for stockholder removal of a director.

**Eliminated supermajority voting standard for the removal of directors by stockholders.** At our Annual Meeting of Stockholders held in May 2016, our stockholders approved an amendment to our Certificate of Incorporation to replace the supermajority voting requirement for the ability of stockholders to remove directors with a simple majority of votes cast.

**Declassified Board.** We have a declassified Board and our bylaws provide for one-year terms for our directors. All of our directors will stand for election to one-year terms at this Annual Meeting.

**Majority Voting for Election of Directors.** The Board of Directors has adopted majority voting for uncontested elections of directors. For this purpose, "a majority of votes cast" means that the number of votes cast "FOR" a director's election exceeds the number of votes cast "AGAINST" that director's election. In the case of a contested election (i.e., an election in which the number of candidates exceeds the number of directors to be elected), however, directors will be elected by plurality vote.

As a condition of nomination, all directors are required to submit to Align an irrevocable resignation that becomes effective if the nominee does not receive majority vote (in an uncontested election) and the Board of Directors accepts the resignation. If the director fails to receive the requisite votes, the Nominating and Governance Committee will promptly consider the resignation and recommend to the Board whether to accept or reject it, or whether other action should be taken.

**Corporate Governance Guidelines—**Our Board has set out 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 <http://investor.aligntech.com>.

**Code of Ethics—**Our Board 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](http://investor.aligntech.com). Stockholders may request in writing free printed copies of our Code of Business Conduct and Ethics from Align Technology, Inc., 2560 Orchard Parkway, San Jose, California 95131, Attn: Investor Relations or by sending an email to [investorinfo@aligntech.com](mailto:investorinfo@aligntech.com). We will post on our website at <http://investor.aligntech.com> any amendments to our Code of Business Conduct and Ethics, as well as any waivers to our Code of Business Conduct and Ethics that are required to be disclosed by the rules of the SEC or the NASDAQ Stock Market LLC.

**Stock Ownership Guidelines.** To align the interests of Align's executive officers and members of our Board of Directors with those of Align's stockholders, and to illustrate and promote our commitment to sound corporate governance, we maintain stock ownership guidelines for our executive officers and non-employee directors as follows:



Position	Stock Ownership Requirements
CEO	5.0x annual base salary
Executive officers	2.0x annual base salary which we increased in 2016 from 1.0x annual base salary
Non-Employee Directors	Amount equal in market value to \$250,000

Each executive officer and non-employee director is subject to these guidelines, provided he or she has five years from the date such individual first becomes subject to the guidelines to attain the requisite stock ownership. Currently, each executive officer and non-employee director is in compliance with the stock ownership guidelines.

For purposes of this policy, “ownership” includes:

- shares of Align common stock held directly by the director or officer or in trust for the benefit of the director or officer or his or her family member living in the same household,

- 50% of the gain on vested in-the-money stock options, and

- shares of underlying Align restricted stock units held directly by a director or officer, whether or not yet vested.

The term “ownership” does not include unvested options to purchase common stock or shares underlying unvested market stock units.

**Role of Board.** The Board has responsibility for reviewing our overall performance rather than day-to-day operations. The Board’s primary responsibility is to oversee the management of Align and, in so doing, serve the best interests of Align and its stockholders. The Board selects, evaluates and provides for the succession of executive officers and, subject to oversight by the Nominating and Governance Committee, the Board nominates for election at annual stockholder meetings individuals to serve as directors of Align and elects individuals to fill any vacancies on the Board. It reviews corporate objectives and strategies, and evaluates and approves significant policies and proposed major commitments of corporate resources. It participates in decisions that have a potential major economic impact on Align. Management keeps the directors informed of Company activity through regular written reports and presentations at Board and Committee meetings.

**Board Leadership Structure; Executive Sessions.** We currently separate the roles of chief executive officer (CEO) and Chairman of the Board in recognition of the differences between the two roles. The CEO is responsible for setting our strategic direction and the day-to-day leadership and performance of the Company, while the Chairman of the Board provides guidance to the CEO and, in consultation with the CEO and other members of our Board, sets the agenda for Board meetings and presides over meetings of the full Board. We believe that this separation of duties allows the CEO and Chairman to most efficiently use their time and to most effectively fulfill their respective responsibilities, which are critical to the future success of the Company. While our bylaws and corporate governance guidelines do not require that our Chairman and CEO positions be separate, the Board believes that having separate positions and having an independent outside director serve as chairman is the appropriate leadership structure for Align at this time. Our Corporate Governance Guidelines provide that the independent directors of the Board will meet in executive session at least twice a year. The Board of Directors held six meetings in 2016 and the independent directors met in executive sessions five times.

**Board Effectiveness.** To ensure that our Board of Directors and its committees are performing effectively and in the best interests of Align and its stockholders, the Board performs an annual assessment of itself, its committees and each of its members.

**Meetings of the Board.** For the period of his or her Board service in 2016, each director attended at least 75 percent of the aggregate of the total number of meetings of the Board and the committees on which he or she serves.

**Committees.** During the year, the Board maintained an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and a Technology 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](http://investor.aligntech.com).

## Audit

### Committee

2016 Meetings: Oversees and monitors our accounting and financial reporting processes, our financial statement audits, and our internal accounting and financial controls.

Members: Responsible for appointing, compensating, retaining, terminating and overseeing the work of our independent auditors.

Greg J. Santora Responsible for reviewing the auditors proposed scope, approach and independence.

(Chair) Pre-approves audit and non-audit services.

Andrea L. Saia Provides oversight and monitors our Internal Audit Department.

Warren S. Thaler Reviews, approves and monitors our Code of Business Conduct and Ethics.

Oversees and reviews our risk management policies.

Establishes procedures for receiving, retaining and treating complaints regarding accounting, internal accounting controls or auditing matters.

None of the Audit Committee members are employees of Align, and our Board 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 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.

## Compensation

### Committee

2016 Meetings: 7 Ensures that the Company’s compensation programs successfully align the interest of

Members: employees, including executive officers, with those of the Company’s stockholders. Reviews and administers all compensation arrangements for executive officers and reviews general compensation goals and guidelines for Align’s employees and the criteria for which bonuses are to be determined.

George Morrow

(Chair) Andrea Saia

Greg Santora

Retains, oversees, and assesses the independence of compensation consultants and advisors.

Assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs.

May form and delegate authority to subcommittees when appropriate, although no such delegation is currently in effect.

None of the Compensation Committee members are employees of Align, and our Board has determined that each member is independent within the meaning of the NASDAQ listing standards.

## Nominating and Governance Committee

2016 Meetings: 3 Identifies, evaluates and recommends nominees to the Board.

Evaluates the composition, organization and governance of the Board and its committees.

Members:

Joseph Lacob (Chair) Develops and recommends corporate governance principles applicable to Align

C. Raymond Larkin Jr.

Warren S. Thaler

### Technology Committee

2016 Meetings: 1

Reviews Align's technology and development activities.

Oversees and advises the Board on matters of innovation and technology.

Members:

Joseph Lacob

Andrea Saia

Warren Thaler Thomas M. Prescott

12

---

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. In considering candidates for director nominee, the Nominating and Governance Committee generally assembles all information regarding a candidate's background and qualifications. While Align does not have a formal diversity policy for Board membership, the Board seeks directors who represent a mix of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. The Nominating and Governance Committee considers, among other factors, diversity with respect to perspectives, backgrounds, skills, experience, and community involvement in its evaluation of candidates for Board membership. Such diversity considerations are discussed by the Nominating and Governance Committee in connection with the general qualifications of each potential nominee. The Nominating and Governance Committee, in its discretion, may designate one or more of its members to interview any candidate. In addition, the Nominating and Governance Committee may seek input from Align's management or the Board, who may interview any candidate. The Nominating and Governance Committee recommends director nominees to the Board based on its assessment of overall suitability to serve on the Board in accordance with Align's policy regarding nominations and qualifications of directors.

The Nominating and Governance Committee has specified the following minimum qualifications that it believes must be met by a nominee for apposition 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 and experience 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.

Stockholder Recommendation of Nominees. Under our Corporate Governance Guidelines, the Nominating and Governance Committee is required to consider recommendations for candidates to the Board 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, individual board members or management.

A stockholder may also nominate a person directly for election to the Board 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 at an annual meeting, is described above in the answer to the question "Is there any information that I should know regarding future annual meetings?"

Annual meeting attendance. Align encourages, but does not require, Board members to attend the annual stockholder meeting. Last year, one director attended our annual meeting of stockholders.

The Board's Role in Risk Oversight. Management is responsible for the day-to-day management of risks the Company faces, while the Board, as whole and through its committees, has responsibility for the oversight of risk management. In its risk management role, the Board has the responsibility to satisfy itself that the risk management processes implemented by management are adequate and functioning as designed. As a critical part of this risk management oversight role, the Board encourages management to promote a culture that actively manages risks as part of Align's corporate strategy and day-to-day business operations. Furthermore, our Board encourages full and open communication between management and the Board. Our Chairman meets regularly with our CEO and other senior members of management to discuss strategy and risks facing the Company. Senior management attends the quarterly Board meetings and is available to address any questions or concerns raised by the Board on risk management-related and other matters. The Board regularly receives presentations from senior management on strategic matters involving our operations to enable it to understand our risk identification, risk management and risk mitigation strategies. The Board also holds strategic planning sessions with senior management to discuss strategies, key challenges, and risks and opportunities for the Company.

Our Board does not have a standing risk management committee, but rather administers this oversight function directly through our Board as a whole, as well as through various standing committees of our Board that address risks inherent in their respective areas of oversight. In particular, the Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to risk management in areas of financial risk, internal controls, and compliance with legal and regulatory requirements. The Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The Nominating and Governance Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization, membership, and structure. When a



committee receives a report, the chairman of the committee discusses it with the full Board during the committee reports portion of the next Board meeting. This enables the Board to coordinate the risk oversight role.

**The Compensation Committee's Role in Risk Oversight.** In fulfilling its role in assisting the Board in its risk oversight responsibilities, the Compensation Committee believes that the various elements of our compensation program mitigates against and does not encourage excessive risk taking and instead encourages behaviors that support sustainable value creation. The Compensation Committee annually assesses our compensation programs and has concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. To arrive at this conclusion, the Committee assessed our executive and broad-based compensation programs and determined that the following design features of our compensation programs' did not create undesired or unintentional risk of a material nature and guarded against excessive risk-taking:

- our compensation program is designed to provide a balanced mix of cash and equity, annual, and longer-term incentives in order to encourage strategies and actions that are in Align's long-term best interests;
- base salaries are consistent with an employee's responsibilities so that they are not motivated to take excessive risks to achieve a reasonable level of financial security;
- we establish performance goals under our annual cash incentive plan that we believe (A) are reasonable in light of past performance and market conditions, and (B) encourage success without encouraging excessive risk taking to achieve short-term results, and, therefore, do not encourage unnecessary or excessive risk-taking;
- the performance goals that determine payouts under our annual cash incentive plans are company-wide in order to encourage decision-making that is in the best long-term interests of Align and our stockholders as a whole;
- under our annual cash incentive plans, achievement of performance goals at levels below full target reduces only the payout related to that goal, not the other goals, and therefore does not result in an "all-or-nothing" approach;
- our executive officers can receive a maximum award of 240% of their target under our cash incentive compensation plan in order in part to avoid excessive risk taking;
- the Compensation Committee has discretion over annual cash incentive program payouts;
- for our executive officers, we use a portfolio of equity based incentives that incentivize performance over a variety of time periods with respect to several balanced goals:
- Restricted Stock Units ("RSUs") retain value even in a depressed market making it less likely that employees take unreasonable risks to get, or keep, equity grant "in the money"; and
- performance-based market stock units ("MSUs") measure relative stockholder return over a three-year performance cycle; and
- executive officers are subject to share ownership guidelines.

### Director Independence

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 or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, the Board affirmatively determined that Joseph Lacob, C. Raymond Larkin Jr., George J. Morrow, Andrea L. Saia, Greg J. Santora, Susan E. Siegel and Warren S. Thaler are “independent directors.” Since Mr. Prescott was employed by Align as recently as 2015 and since Mr. Hogan is currently employed by Align, neither qualifies as independent.

### Stockholder Communications with Board

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 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 or a non-management director, or Align’s management or independent advisors. After reviewing stockholder messages, our Board will determine whether any response is necessary or warranted.

### Director Compensation

Our director compensation program is designed both to attract and to fairly compensate highly qualified, non-employee directors to represent our stockholders on the Board of Directors and to act in the stockholders’ best interests. For the purposes of determining non-employee director compensation for 2016, the Compensation Committee engaged Compensia, Inc., the Committee’s independent compensation advisor to provide an updated analysis of our director compensation program. Compensia undertook a detailed review of recent board compensation trends, including the form and amount of cash compensation and equity grants. The analysis showed that the Board compensation practices were general aligned with market norms and emerging best practices and no changes were made to the program.

### Cash Compensation

Description	Current Fee
Annual Retainer for Board Membership (other than Chairman)	\$ 50,000
Annual Retainer for membership on the Compensation and/or Audit Committee	\$ 13,500
Annual Retainer for Chair of Compensation Committee and/or Audit Committee	\$ 27,000
Annual Retainer for membership on the Nominating and Governance Committee and/or Technology Committee	\$ 5,000
Annual Retainer for Chair of Nominating and Governance Committee and/or Technology Committee	\$ 10,000
Annual Retainer for Chairman of the Board	\$ 210,000

Equity Compensation. On May 18, 2016, the date of our annual meeting of stockholders, each non-employee director was granted 5,000 RSUs, which approximated \$375,000 in delivered value. Mr. Larkin was granted an additional 2,000 RSUs for his service as Chairman of the Board so that his total RSUs approximated \$525,000 in delivered value. These RSUs vest 100% upon the earlier of (i) the one year anniversary of the grant date and (ii) the date of the next annual meeting of stockholders following the grant date. Assuming the continued service of the non-employee director, each of these equity awards will vest 100% on May 17, 2017.

Total Compensation. The table below summarizes the compensation paid by to our non-employee directors for the year ended December 31, 2016. Mr. Hogan, our President and Chief Executive Officer, is not included in this table because he is an employee of Align and, as such, receives no compensation for his service on the Board. The compensation received by Mr. Hogan is shown in the Summary Compensation Table on page 39.

Name	Fees		Total (\$)
	Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	
Joseph Lacob	65,000	380,150	445,150
C. Raymond Larkin Jr. <sup>(2)</sup>	210,000	532,210	742,210
George Morrow	77,000	380,150	457,150
Thomas M. Prescott	55,000	380,150	435,150
Andrea L. Saia	74,292	380,150	454,442
Greg Santora	90,500	380,150	470,650
Warren Thaler	73,500	380,150	453,650

Ms. Siegel is not included in the table above as she joined the Board in March 2017.

The amounts shown in this column reflect the aggregate grant date fair value computed in accordance with FASB

<sup>(1)</sup> ASC Topic 718 of awards of RSUs. There can be no assurance that the grant date fair value amounts will ever be realized. The RSUs are time based awards and are not subject to performance or market conditions.

<sup>(2)</sup> Mr. Larkin is the Chairman of the Board.

The aggregate number of stock awards outstanding at December 31, 2016 for each non-employee director is as follows:

Name	Option Awards	Stock Awards
Mr. Lacob	40,000	5,000
Mr. Larkin	45,000	7,000
Mr. Morrow		5,000
Mr. Prescott <sup>(1)</sup>		224,500
Ms. Saia		5,000
Mr. Santora		5,000
Mr. Thaler		5,000

<sup>(1)</sup> Except for the 5,000 restricted stock units granted to Mr. Prescott in May 2016 as part of our non-employee director compensation program, all other equity awards shown in the table above were granted to him in during his tenure as our President and CEO.

## PROPOSAL TWO

### RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee of our Board has selected PricewaterhouseCoopers LLP, independent registered public accountants (“PwC”), to audit the financial statements of Align for the year ending December 31, 2017. 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.

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.

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 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. In addition to the selection of the firm the Audit Committee and its chairperson were directly involved in the selection of PwC’s new lead engagement partner.

Ratification of the selection of PwC requires that the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting vote “For” this Proposal 2. An “Abstention” vote will have the same effect as an “Against” in this Proposal 2. Discretionary votes by brokers, banks and related agents on this routine proposal will be counted towards the quorum requirement and will affect the outcome of the vote.

**OUR BOARD RECOMMENDS THAT YOU VOTE “FOR” THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS ALIGN’S INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR THE YEAR ENDING DECEMBER 31, 2017**

## Fees to PricewaterhouseCoopers LLP for 2016 and 2015

The following table presents fees for professional services rendered by PwC for the audit of Align's annual financial statements for 2016 and 2015 and fees billed for audit-related services and tax services rendered by PwC for fiscal 2016 and 2015:

	2016	2015
Audit fees <sup>(1)</sup>	\$3,412,612	\$2,407,019
Audit-related fees <sup>(2)</sup>	918,009	275,557
Tax fees <sup>(3)</sup>	1,689,773	1,091,285
All other fees <sup>(4)</sup>	4,140	10,650
Total fees:	\$6,024,534	\$3,784,511

Audit fees — These are fees for professional services performed by PwC for the annual audit of Align's 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.

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", including fees for due diligence services and pre-implementation assessment of controls relating to enterprise resource planning ("ERP") software system.

Tax fees — These are fees for professional services performed by PwC with respect to tax compliance, tax advice and tax planning.

All other fees — These consist of all other fees billed to us for professional services performed by PwC and not reported under "Audit fees," "Audit-related fees" and "Tax fees."

## 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 CFO. 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 2016 and 2015 were pre-approved by the Audit Committee.

## REPORT OF THE AUDIT COMMITTEE OF THE BOARD

The following is the report of the Audit Committee of the Board of Directors with respect to Align's audited financial statements for the year ended December 31, 2016, which include the consolidated balance sheets of Align as of December 31, 2016 and 2015, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years ended December 31, 2016, and the notes thereto.

In accordance with the written charter adopted by the Board of Directors of Align, the purpose of the Audit Committee is to assist the Board of Directors in its oversight and monitoring of:

- the integrity of Align's financial statements;
- Align's compliance with legal and regulatory requirements;
- the independent registered public accountant's qualifications, independence and performance;
- adequacy of Align's internal accounting and financial controls; and
- Align's internal audit department.

The full text of the Audit Committee's charter is available on the Investor Relations section of Align's website ([www.aligntech.com](http://www.aligntech.com)). The Audit Committee regularly reviews its charter to ensure that it is meeting all relevant audit committee policy requirements of the SEC and the NASDAQ listing standards.

In carrying out its responsibilities, the Audit Committee, among other things, is responsible for:

- providing guidance with respect to Align's relationship with the independent auditors, including having responsibility for their appointment, compensation and retention;
- involved in the selection of the audit firm's lead engagement partner;
- reviewing the results and audit scope;
- approving audit and non-audit services;
- reviewing and discussing with management the quarterly and annual financial reports;
- overseeing and reviewing Align's risk management policies; and
- overseeing management's implementation and maintenance of effective systems of internal controls.

The Audit Committee discussed with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61 as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

Before selecting PricewaterhouseCoopers LLP as Align's independent auditors, the Audit Committee carefully considered PricewaterhouseCoopers LLP's qualifications as independent accountants. This included a review of the qualifications of the engagement team, the quality control procedures the firm has established, as well as its reputation for integrity and competence in the fields of accounting and auditing. The Audit Committee's review also included matters to be considered under the SEC's rules regarding auditor independence, including the nature and extent of non-audit services, to ensure that the accountants' independence will not be impaired. In addition, the Audit Committee has received the written disclosures and the letter required from the independent accountants required by the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence. The Audit Committee of our Board of Directors has determined that the provision of services by PricewaterhouseCoopers LLP of non-audit related services is compatible with maintaining the independence of PricewaterhouseCoopers LLP as our independent accountants.

Based upon the Audit Committee's discussion with management and the independent accountants and the Audit Committee's review of the representations of management and the report of the independent accountants to the Audit Committee, the Audit Committee recommended that the Board of Directors include Align's audited consolidated financial statements in Align's Annual Report on Form 10-K for the year ended December 31, 2016 for filing with the

SEC.

Respectfully submitted by:

AUDIT COMMITTEE

Greg J. Santora, Chair

Andrea L. Saia

Warren S. Thaler

19

---

### PROPOSAL THREE

#### ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

The Board believes that an annual advisory vote to approve the compensation of our named executive officers allows our stockholders to provide us with their direct input on our compensation philosophy, policies and practices as disclosed in the proxy statement every year, and is consistent with our policy of seeking input from, and engaging in discussions with, our stockholders on these matters. Accordingly, this year, we are again requesting you approve, on an advisory basis, the compensation of our named executive officers disclosed in "Compensation Discussion and Analysis," the Summary Compensation table and the related compensation tables, notes and narrative in this proxy statement.

As we discuss below under the caption "Executive Compensation—Compensation Discussion and Analysis," our executive compensation program is designed to link the actions of our executive officers to business outcomes that drive value for our stockholders. We believe that the most effective way to achieve this goal is to compensate our executive officers for the achievement of specific annual financial goals and the realization of increased stockholder value. We believe the compensation program for our executive officers has been highly effective in achieving these objectives. We believe it is important to view the Compensation Committee's decision-making in the context in which such decisions were made and to assess our subsequent business and financial performance during fiscal 2016. We encourage you to carefully review the "Compensation Discussion and Analysis" beginning on page 24 of this proxy statement and the compensation tables that follow for additional details on Align's executive compensation, including Align's compensation philosophy and objectives, as well as the processes our Compensation Committee used to determine the structure and amounts of the compensation of our named executive officers in fiscal 2016. With respect to 2016 performance, we had a record year of business and financial results as highlighted below.

#### 2016 Performance Highlights

§ Record 2016 net revenues of \$1.1 billion, representing a 27.7% year-over-year growth

§ Clear Aligner net revenues up 19.8% and iTero scanner net revenues up 168.3% year-over-year

§ Achieved operating income of \$248.9 million or 23.1% of revenues

§ Invisalign shipments were up 21.5% year-over-year with 32.4% and 16.4% of volume growth coming from our international doctors and North America doctors, respectively

§ Exited the year with \$700.0 million of cash, cash equivalents and investments

§ Our results reflect solid execution of our strategic growth drivers with product and technology innovation being the key. In 2016, we launched Invisalign G7, the iTero Element 1.4 software upgrade and the Invisalign Outcome Simulator chairside application, and we issued a recommendation for weekly aligner wear in Invisalign Full and Teen cases and Invisalign Go.

In addition, the Compensation Committee's 2016 compensation decision-making also reflected several core governance principles and practices that we employ to align executive compensation with stockholder interests. The following highlights key aspects of our governance principles and practices in 2016:



Corporate Governance Highlights

§ Continued to grant long-term equity awards, including performance-based market stock units, which are earned based on a comparison of Align's stock price performance to the NASDAQ Composite index over a three-year performance period.

§ All of our post-employment cash compensation arrangements in the event of a change in control are "double trigger" arrangements that require both a change in control plus a qualifying termination of employment before any cash payments are made. In addition, our Compensation Committee has determined that acceleration of equity will also be subject to double trigger requirements for any officer joining after September 2016, including our new CFO.

§ Executive officers are not entitled to any tax gross-up treatment on any severance or change-of-control benefits.

§ Continued to demonstrate prudent use of equity while balancing stockholder concerns with the motivation of our executive officers to achieve the Company's business goals and create long-term stockholder value. In 2016, Align's overall equity award adjusted burn rate (which counts each RSU and earned MSU award as 2.5 shares) was 2.65%.

We are asking you to indicate your support for the compensation of our named executive officers as described in this proxy statement. This vote is not intended to address any specific item of compensation but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we are asking you to vote, on an advisory basis, "For" the following resolution at the Annual Meeting:

"RESOLVED, that the compensation paid to Align Technology, Inc.'s named executive officers, as disclosed pursuant to the SEC's compensation disclosure rules, including the Compensation Discussion and Analysis, compensation tables and narrative discussion set forth on pages 24 to 37 of this Proxy Statement, is hereby approved."

This is an advisory vote, which means that this proposal is not binding on us; however, our Board and Compensation Committee values the opinions expressed by our stockholders and will carefully consider the outcome of the vote when making future compensation decisions for our executive officers. You may vote for, against or abstain from voting on this matter.

**OUR BOARD RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.**

**PROPOSAL FOUR**

**ADVISORY VOTE TO APPROVE FREQUENCY OF STOCKHOLDERS' ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION**

We are required by Section 14A of the Exchange Act to conduct a non-binding, advisory vote of our stockholders on the frequency with which we will seek the non-binding stockholders' advisory vote on named executive officer compensation (commonly referred to as "say-on-pay"), similar to this Proposal No. 4 . We currently hold the say-on-pay vote every year, and are required to hold the say-on-pay vote at least once every three years. Accordingly, stockholders may vote that this advisory vote on executive compensation be held in the future as follows:

§ Every year

§ Every two years

§ Every three years

Stockholders may also abstain from voting on this proposal. In considering your vote, you may wish to review the information presented in connection with Proposal No. 3 in this proxy statement, as well as the "Compensation Discussion and Analysis" and "Executive Compensation Tables" sections of this proxy statement, which provide a more detailed discussion of our executive compensation programs and policies.

Our stockholders voted on a similar proposal in 2011, with the majority voting to hold the say-on-pay vote every year. Our Board of Directors continues to believe that holding a say-on-pay vote every year is most appropriate for Align so that our stockholders may express their views on our executive compensation program annually, and recommends that you vote to hold such advisory vote in the future every year.

Because this proposal is advisory, it will not be binding and the Board, and its Governance and Nominations Committee may determine to hold a "say-on-pay" vote more or less frequently than the option selected by our stockholders. However, the Board values stockholders' opinions and the Board will consider the outcome of the vote when considering the frequency of future advisory votes on executive compensation.

**OUR BOARD RECOMMENDS THAT YOU VOTE "EVERY YEAR" ON THE FREQUENCY OF FUTURE STOCKHOLDERS' ADVISORY VOTES ON OUR NAMED EXECUTIVE OFFICER COMPENSATION**

## EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2016 about our common stock that may be issued upon the exercise of options and rights granted to employees, consultants or members of our Board of Directors under all existing equity compensation plans, including the Employee Stock Purchase Plan ("ESPP") and the 2005 Incentive Plan, each as amended.

Plan Category	Number of securities to be issued upon exercise of outstanding options, RSUs and MSUs <sup>(1)</sup>	Weighted average exercise price of outstanding options <sup>(2)</sup>	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column) <sup>(1) (2) (3)</sup>
Equity compensation plans approved by security holders	2,531,027	\$14.90	9,454,960
Equity compensation plans not approved by security holders	—	—	—
Total	2,531,027	\$14.90	9,454,960

(1) Includes 1,788,372 restricted stock units and 520,350 market-performance based restricted stock units at target, which have an exercise price of zero.

(2) Includes 936,867 shares available for issuance under our ESPP. We are unable to ascertain with specificity the number of securities to be issued upon exercise of outstanding rights or the weighted average exercise price of outstanding rights under the ESPP.

(3) Our 2005 Incentive Plan, as amended, provides for the granting of incentive stock options, non-statutory stock options, restricted stock units, market stock units, stock appreciation rights, performance units and performance shares to employees, non-employee directors, and consultants. Shares granted on or after May 16, 2013 as an award of restricted stock, restricted stock unit, market stock units, performance share or performance unit ("full value awards") are counted against the authorized share reserve as one and nine-tenths (1 9/10) shares for every one (1) share subject to the award, and any shares canceled that were counted as one and nine-tenths against the plan reserve will be returned at the same ratio. Full value awards granted prior to May 16, 2013 were counted against the authorized share reserve as one and one half (1 1/2) share for every one (1) share subject to the award, and any shares canceled that were counted as one and one half against the plan reserve will be returned at this same ratio. As of December 31, 2016, we have a total of 27,783,379 shares authorized and reserved, of which 8,023,709 shares are available for issuance which excludes 494,333 of potentially issuable MSUs if performance targets are achieved at maximum payout.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

This section explains how we compensate our named executive officers (NEOs). Our NEOs for fiscal 2016 are:

Joseph M. Hogan, our President and Chief Executive Officer

John F. Morici, our Chief Financial Officer

David L. White, our former Chief Financial Officer

Raphael S. Pascaud, our Chief Marketing Portfolio & Business Development Officer

Emory Wright, our Vice President, Operations

Zelko Relic, our Vice President, Research & Development

In accordance with the SEC's executive compensation disclosure rules, we have included discussion and disclosure of compensation for David L. White, our former Chief Financial Officer whose tenure as our CFO ended in November 2016. Mr. White, however, remained employed in a non-executive role until March 3, 2017 in order to, among other things, oversee planning and ERP implementation projects and assist in the transition of his responsibilities to Mr. Morici.

### Executive Summary

§ Executive compensation program was designed based on Align's outstanding 2015 business and financial performance

### 2016 Executive Compensation

§ Our executive compensation program emphasizes performance-based pay  
- 86% of our CEO's total-target annual compensation was subject to annual performance goals or tied to the value of our common stock  
- 80% of our other NEO's total-target annual compensation was subject to annual performance goals or tied to the value of our common stock

§ Based on outstanding performance against aggressive 2016 objectives, NEOs received annual incentive payments (bonuses) of between 192% to 202% of their target award opportunity

§ Core governance principles and practices are employed to align executive compensation with stockholder interests

### Strong Compensation Pay Practices

§ Stockholders indicated strong support for our executive compensation program in 2016 with approximately 92% of the total votes cast at our 2016 annual meeting voting in favor of our NEO compensation

§ We continue to carefully manage equity burn rates with our overall equity-aware-based burn rate for 2016 was 1.06% and our adjusted gross burn rate was 2.65%

§ We created long-term, sustained value for our stockholders with our stock price increasing from \$64.27 to \$96.13 per share during 2016, reflecting strong stock price appreciation and a one-year total stockholder return of 50%

### Strong 2016 Company Performance

§ 2016 net revenues were a record \$1.1 billion, a 27.7% increase from 2015

§ We shipped a record 708.5 thousand Invisalign cases, an increase of 21.5% compared to 2015

§ 2016 operating income was \$248.9 million, or 23.1% of revenues

§ Our results reflect solid execution of our strategic growth drivers with product and technology innovation being the key. In 2016, we launched iTero Element 1.4 software and Invisalign Outcome Simulator 4.0 application, Invisalign G7 and ClinCheck Pro 5.0

## 2016 Business Highlights

In determining our executive compensation program for 2016, the Compensation Committee considered, among other things, Align's outstanding business and financial performance in 2015 which continued throughout 2016.

In 2016, we delivered:

- Net revenue growth of 27.7%, with record revenues of \$1.1 billion in 2016 compared to \$845.5 million in 2015;
- 708.5 thousand Invisalign cases shipped, up 21.5% from 585.2 thousand cases in 2015;
- Operating income was \$248.9 million or 23.1% of our net revenues; and
- Our three-year total stockholder return (TSR) is 68% compared with the three-year NASDAQ Composite Index three-year TSR of 30%.

We also repurchased a total of 1.1 million shares under a share repurchase program, returning approximately \$96.2 million of cash to stockholders, approximately 1.36% of our diluted shares outstanding, which approximated our 2016 annual net burn rate of 0.8%.

Our executive officers continued to demonstrate solid execution of Align's key strategic growth drivers. In 2016:

- We continued to see increased clinical confidence as a result of innovation in Invisalign treatment, including:

- the launch of Invisalign G7, a new set of features designed to deliver greater control of tooth movements and improved treatment outcomes;
- the iTero Element 1.4 new software upgrade which includes color scanning, restorative pre-treatment scanning and optimized orthodontic scanning;
- we recommended one-week aligner wear, thereby reducing treatment time by up to 50%; and
- the launch of ClinCheck Pro 5.0, the next generation Invisalign treatment software.

- We achieved the 4 million patient milestone, demonstrating increased global acceptance of Invisalign treatment.

- 169.1 thousand teenagers started orthodontic treatment with Invisalign, an increase of 19.6% from the prior year.

We grew international Invisalign case shipments 32.4% in 2016 compared to 2015, driven by both an increase in the number of doctors submitting cases and in the number of cases submitted per doctor in our EMEA regions as well as continued expansion of our customer base in the Asia Pacific region.

We believe the executive compensation program for our executive officers was instrumental in helping Align achieve continued strong execution of our strategic initiatives as well as solid financial performance.

### Alignment of Executive Compensation with Performance

We have created long-term, sustained value for our stockholders. Our stock price increased from \$64.27 to \$96.13 per share during 2016, reflecting strong stock price appreciation and a one-year TSR of 50%. This compares to the Nasdaq Composite Index one-year TSR of 10%. Our three-year TSR is 68% compared with the three-year NASDAQ Composite Index TSR of 30%.

Stockholders continue to indicate strong support for our executive compensation program. In 2016, we held our fifth annual stockholder advisory vote on the compensation of our named executive officers. Approximately 92% of the total votes cast at our 2016 annual meeting voted in favor of our named executive officer compensation. As we evaluated our executive compensation practices since that vote, we were mindful of the strong support our stockholders expressed for our executive compensation program. As a result, the Compensation Committee generally believes that the stockholder advisory vote affirmed stockholder support of our approach to executive compensation and they did not believe it was necessary to make any significant changes to our executive compensation program.

Our compensation program continues to emphasize performance-based pay. Our compensation program is designed to pay more when our financial and strategic performance is robust and less when it is not, providing built-in flexibility in the management of our operating expenses and enabling us to preserve strategic programs when economic conditions are unfavorable. A significant portion of our executive officers' compensation is variable and tied to the success of our business and the individual performance of our executives. Consistent with this pay-for-performance orientation, Align believes that annual cash incentive (bonus) awards and long-term equity compensation should together represent the most significant portion of total target direct compensation. As a result, a larger portion of our executive officers' total target compensation is at risk relative to Align's other employees. We believe this is appropriate because our executive officers bear the greatest responsibility for Align's results and can exert the greatest influence on Align's performance. As illustrated by the chart below, in fiscal 2016, approximately 60% of Mr. Hogan's total target direct compensation, including cash incentive bonus and MSU awards, was completely "at-risk" based on our performance against measurable performance objectives.

Annual cash incentive awards reflected positive 2016 Company performance. The Committee seeks to motivate management to continuously improve the financial performance of the Company through a cash incentive (bonus) plan that rewards higher performance with increased incentive opportunities. This provides us with a variable expense structure, allowing us to reduce our compensation costs in challenging times and reward performance when business conditions and results warrant. Based on our strong 2016 financial results, we achieved a weighted average of 202% of our financial targets. As a result, the annual incentive payments for our NEOs were between 192% to 202% of their target award opportunity.

Equity awards are tied to the value of our common stock. Value received under our annual equity awards varies based on our stock price performance. In particular, payouts of our MSUs awarded to our executive officers vary based on the relative performance of our stock compared to the NASDAQ Composite Index. MSUs granted in 2016 are earned based on Align's relative stockholder return over a three-year performance period, with 100% of the earned shares vesting at the end of three years. For MSUs granted in 2013 that vested in February 2016, Align stock outperformed the NASDAQ Composite Index by 70% during the applicable performance period. As a result, due to Align's continued outstanding stock price performance compared to the NASDAQ Composite Index during the performance period, the NEOs who were granted 2014 MSUs earned a maximum payout of 150% of their target awards. Our Compensation Committee specifically designed our MSU award program to closely tie actual long-term performance with long-term pay, and total stockholder return has been, and is expected to continue to be, the key measurement of our performance under this program. In 2016, our Compensation Committee elected to increase the maximum payout under our MSU program to 200% of target to more closely align our performance stock awards with peer group norms as well as recognize and reward the tremendous stock price appreciation of Align stock over the past several years. MSU awards made in and after February 2017 will include this higher maximum payout opportunity.

## Compensation Policies and Practices

We maintain compensation governance best practices, including the following:

**Compensation Committee Composed Solely of Independent Directors.** The Compensation Committee is composed solely of independent directors and it directly retains an independent compensation consultant.

**Annual Say-on-Pay Votes.** We elected to hold an annual stockholder advisory ("say-on-pay") vote, and the Compensation Committee considers the outcome of the advisory vote in making compensation decisions.

**Stock Ownership Guidelines.** We maintain stock ownership guidelines for our executive officers and, in 2016, the Compensation Committee determined to increase the ownership guidelines of our executive officers, other than our CEO. The ownership guidelines for executive officers other than our CEO were increased from 1.0X annual salary to 2.0X annual salary. Ownership guidelines for our CEO remained at 5.0X his annual salary.

**No "single-trigger" on Cash Compensation.** All of our post-employment cash compensation arrangements in the event of a change in control of the Company are "double-trigger" arrangements that require both a change in control of the Company plus a qualifying termination of employment before any cash payments are paid. In addition, the employment agreements entered into by our new CFO (and any executive who joins us after September 2016) provides that such executive will only receive accelerated vesting of their stock if such executive is terminated for convenience within 18 months of the change of control (double trigger).

**Annual Compensation-Related Risk Assessment.** Align's executive compensation policies are structured to discourage inappropriate risk-taking by our executives. In 2016, the Compensation Committee determined to cap our annual cash bonus incentive awards at 240% of target for our executive officers in part to discourage excessive risk taking. The Compensation Risk Assessment located on page 14 of this proxy statement describes the Compensation Committee's assessment that the risks arising from our company-wide compensation programs are reasonable, in the best interest of our stockholders, and not likely to have a material adverse effect on us.

**No Hedging or Pledging Company Stock.** Employees may not directly or indirectly engage in transactions intended to hedge or offset the market value of Align's common stock owned by them. In addition, in 2016, we amended our Insider Trading Policy to further prohibit employees from directly or indirectly pledging Align common stock as collateral for any obligation.

**Carefully Manage Equity Burn Rates.** We are committed to carefully managing the dilutive impact of equity compensation awards. Management and the Board regularly evaluate share utilization levels by reviewing the dilutive impact of stock compensation. Align's overall equity-award-based gross burn rate for fiscal 2016 was 1.06% and Align's adjusted gross burn rate was 2.65%. Gross burn rate is defined as the number of equity awards granted in the year divided by shares outstanding. Adjusted gross burn rate includes a premium applied to full-value shares (e.g., RSUs and MSUs) of 2.5:1.

### Executive Compensation Philosophy and Core Objectives

The objective of our executive compensation program is to encourage management to achieve our financial and strategic objectives and create value for our stockholders. We remain committed to our longstanding compensation philosophy which incorporates the following principles:

**Offer competitive compensation.** We seek to provide competitive compensation opportunities to attract, retain and incent superior talent.

•



Reward performance. A significant portion of total target compensation for our NEOs is tied to the achievement of financial objectives. We believe that this supports our pay-for-performance philosophy by directly and substantially linking rewards to the achievement of measurable financial targets and a shared set of critical strategic priorities. By also rewarding individual performance, we seek to recognize outstanding individual contributions.

Link the interests of our executives with those of our stockholders. A significant portion of total target compensation for our NEOs is tied to the achievement of financial and strategic objectives and is in the form of long-term equity-based compensation. This structure is designed to focus decision-making and behavior on goals that are consistent with Align's overall strategy.

## How We Implement and Manage our Executive Compensation Programs

The table below specifies the responsible parties and their respective roles in the determination of our NEOs compensation:

Responsible Party	Roles and Responsibilities
Compensation Committee	<p>§ Sets Align's overall compensation philosophy, which is reviewed and approved by the Board of Directors.</p> <p>§ Reviews and approves our compensation programs; designs and monitors the execution of these programs.</p> <p>§ Reviews and approves all cash based compensation arrangements for our executive officers (other than our CEO).</p> <p>§ Reviews and recommends to our Board of Directors all cash based compensation arrangements for our CEO.</p> <p>§ No member of the Compensation Committee is a former or current officer of Align or any of its subsidiaries. No executive officer of Align serves as a member of the Board or compensation committee of any entity that has one or more executive officers serving on Align's Board or Compensation Committee.</p>
Consultant to the Compensation Committee (Compensia, Inc. an independent executive compensation consulting firm retained directly by the Compensation Committee to assist it in performing its responsibilities.)	<p>§ Compensia attends meetings of the Compensation Committee and communicates outside of meetings with its members and management with respect to the design and assessment of compensation packages for our executive officers. In 2016, Compensia provided the following services on behalf of the Committee:</p> <p>§ Analyzed whether the compensation packages of our executive officers were consistent with our compensation philosophy and competitive within the market relative to our peer companies.</p> <p>§ Assisted in defining the appropriate peer group of comparable companies.</p> <p>§ Assisted in the design of our compensation programs for executives and board members, including discussing evolving compensation trends.</p> <p>§ Reviewed the effectiveness of our compensation programs.</p> <p>§ Provided advice on stock ownership guidelines for executive officers and directors.</p> <p>§ Compiled and provided market data to assist in setting our compensation philosophy, plan parameters and measures.</p> <p>§ Conducted a comprehensive review of compensation paid to the Board and provided recommendations to the Committee and the Board regarding director pay structure.</p> <p>§ Provided updates on NASDAQ listing standards, Say-on-Pay results, and Dodd- Frank regulatory developments.</p> <p>§ In addition, the Compensation Committee conducted a formal review of Compensia's independence and is satisfied with the qualifications, performance and independence of Compensia. Compensia performed no other work for the Company.</p>

Executive Officers (Assistant Executive Officers) § Management's role is to advise the Compensation Committee regarding the alignment and weighting of our performance measures under our annual cash incentive awards with our overall strategy, the impact of the design of our equity incentive awards on our ability to attract, motivate and retain highly talented executives and the competitiveness of our compensation program. Our CEO plays a significant role in setting the compensation for other NEOs. The CEO conducts performance reviews for the other NEOs, and makes recommendations to the Compensation Committee with respect to the other NEOs' compensation. The Compensation Committee has the discretion to accept, reject, or modify the CEO's recommendations. The CEO leaves the meetings during discussions and deliberations of individual compensation actions affecting him personally. Ultimately all decisions regarding executive compensation are made by the Compensation Committee or in the case of CEO cash compensation, the full Board upon the recommendation of the Compensation Committee.

#### How We Determine Compensation

**Competitive Positioning.** Within the overall framework of the objectives and principles discussed above, the Compensation Committee exercises its judgment in making executive compensation decisions. The Compensation Committee takes into consideration the unique roles played by each executive officer and seeks to individually tailor their compensation to align their pay based on the factors below:

- market comparison data (peer group data and survey data);
- subjective elements, such as:

the scope of the executive's role;  
the executive's:  
experience;  
qualifications;  
skills; and  
performance during the fiscal year (see discussion below on "Role of Individual Performance");  
internal equity; and  
Align's operational and financial performance.

After reviewing these various competitive positioning factors (none of which is determinative), the Compensation Committee relies upon the judgment of its members and makes adjustments to an executive's compensation as appropriate to meet our objectives.

**The Use of Market Comparison Data.** In connection with the Compensation Committee's continuing assessment of the competitiveness of Align's executive pay levels and practices relative to its peers, the Compensation Committee considers data gathered from: (i) compensation data from a selected peer group of companies, and (ii) published surveys with data from a broader mix of technology and life science companies.

#### Peer Group

The Compensation Committee reviews the Company's peer group at least annually and makes adjustments to its compositions, taking into account changes in both the Company's business and the businesses of the companies in the peer group. For compensation decisions that were made in fiscal 2016, the Compensation Committee, with the assistance of Compensia, selected the peer group of companies based on the following primary selection criteria: Industry-medical device companies and software as a service companies (SaaS). We believed that the SaaS industry was a relevant industry for market comparison purposes due to the integral role that software systems and software development have in our products and services;

**Market Capitalization**-companies with a market capitalization of between approximately \$1.7 billion and \$15.3 billion, based upon the companies' trading ranges at the time of selection, which approximates 0.3 to 3.0 times Align's market capitalization at that time; and

**Revenue**-companies with revenue of between approximately \$260 million to \$2.3 billion, based upon the last four quarters of revenue at the time of selection, which approximates 0.3 to 3.0 times Align's rolling four quarters of revenues at that time.

Following its analysis, the Compensation Committee removed two companies, Concur Technologies and TIBCO Software, because they either had or were in the process of being acquired. The Compensation Committee also added two companies, Tableau Software and Veeva Systems, each of which satisfied the primary selection criteria. The Compensation Committee elected to retain the other 23 companies in the existing peer group. At the time of the Compensation Committee's assessment in the third quarter of 2015, Align compared to the Peer Group as follows:

	Revenue (\$MM)	Market Capitalization (\$MM)	Market Capitalization as a Multiple of Revenue
Peer Group 50th Percentile	\$853	\$4,289	4.9X
Align	\$779	\$5,085	6.5X
Percentile Rank	43%	62%	72%

Based on this analysis, the Compensation Committee determined that the following peer group constituted an appropriate comparative reference for determining executive compensation in fiscal 2016:

Software-as-a Service	Medical Device
ANSYS	Bio-Rad Laboratories
athenahealth	Bruker
CommVault	Cepheid
Informatica	Cooper Companies
j2 Global	Haemonetics
Medidata Solutions	Illumina
MicroStrategy	Integra LifeSciences
NetSuite	Insulet
Quality Systems	NuVasive
Rackspace Hosting	Resmed
ServiceNow	Sirona Dental Systems
Tableau Software*	Thoratec
Veeva Systems*	

\*Indicates new additions to the peer group.

## Survey Data

When peer data is not available, the Compensation Committee reviews various pay surveys, including the Radford Technology Survey. In addition, the Compensation Committee may review the data separately to understand pay differences, if any, by industry or business segment and to assess whether any changes in pay data from year to year reflect true market trends.

### Role of Competitive Data and Compensation Committee's Discretion

The Compensation Committee uses the following percentiles of peer group and survey data as a reference point for assessing appropriate base salary, target total cash compensation and equity compensation for our executive officers:

Element of Compensation	Target Percentile
Base salary	50 <sup>th</sup> percentile
Target total cash compensation	65 <sup>th</sup> to 75 <sup>th</sup> percentile
Equity compensation	50 <sup>th</sup> to 75 <sup>th</sup> percentile

While we believe that comparisons to market data are a useful tool, we do not believe that it is appropriate to establish executive compensation levels based solely on a comparison to market data. Due to the variations between companies reporting and the roles for which compensation for these companies is ultimately disclosed, directly comparable information is not available from each peer group company with respect to each of our named executive officers. In considering market compensation data, the Compensation Committee recognizes that executives at different companies can play significantly different roles, with different responsibilities and scopes of work, even though they may hold similar titles or nominal positions. The Compensation Committee therefore uses the market data only as a reference point and incorporates flexibility into our compensation programs and in the assessment process to respond to and adjust for the evolving business environment and other subjective elements described in the competitive positioning factors above. After reviewing these various factors, the Compensation Committee relies upon the judgment of its members and makes adjustments to an executive's compensation below or above these percentile ranges.

**Role of Individual Performance.** Although the Compensation Committee believes that the largest portion of each executive's total target compensation should be based on our executive officers' success as a team and thus based on achievement of shared financial and critical strategic goals, it also believes that there should be some ability to reward individual contributions. To evaluate individual performance, individual goals are set each year for the executive officers. These include shared financial and strategic objectives as well as objectives that are directly related to each executive officer's specific business function. Except with respect to his own performance, this assessment is based on our CEO's recommendation to the Compensation Committee on how well the executive performed his or her job, and such assessment is largely (although not exclusively) qualitative, not quantitative, in nature. There is no specific weight given to any one individual goal or objective. This subjective evaluation of the impact of the individual

contributions on actual compensation is not a formula based process resulting in a quantifiable amount of impact, but rather involves the exercise of discretion and judgment. This enables the Committee to differentiate among executives and emphasize the link between personal performance and compensation.

**Role of Company Performance.** The Compensation Committee believes that our executives should be rewarded based on their success as a team. Consistent with this belief, the achievement of shared financial and critical strategic goals, which we describe below under “Annual Cash Incentive Compensation” is the primary factor in determining the amount of cash incentive payments.

**The Use of Tally Sheets.** The Compensation Committee uses tally sheets to understand the total annual compensation of the executive officers, and to provide perspective on the executive’s wealth accumulation from our compensation programs. Compensation previously paid to the executive officers, including amounts realized under prior equity-based compensation awards, did not affect the Compensation Committee’s compensation decisions for 2016. The Compensation Committee believes that compensation should reflect the executive’s performance and the market value of his or her services, and does not want to create a disincentive for exceptional performance.

**The Principal Components of Compensation of our Executive Officers**

The principal components of each executive officer’s target total compensation package at Align are:

- base salary;
- annual cash incentive awards; and
- long-term equity-based incentive grants.

In determining the mix of compensation among these elements, the Compensation Committee does not assign specific ratios. Nevertheless, as illustrated in the charts below, the Compensation Committee continued to structure executive compensation in 2016 so that a significant portion of the target total direct compensation of our CEO and other NEOs was "at-risk" or performance-based, with the actual value realized subject to the achievement of short-term or long-term corporate and financial performance goals. Approximately 60% of our CEO's target total direct compensation was structured as "at-risk" performance-based. By linking a significant portion of our executives' compensation to performance, the Compensation Committee emphasized incentive-based variable pay, which is consistent with our pay-for-performance philosophy and creates a strong alignment with long-term stockholder value.

\*Target Total Direct Compensation reflects annual base salary, annual cash incentive opportunity at target and grant date fair value of 2016 equity awards. The NEO chart does not include Mr. Morici's total target compensation because he did not join Align until November 2016.

## Base Salary

Base salary is intended to provide a fixed, baseline level of compensation that is not contingent upon Align’s performance. Consistent with our pay-for-performance philosophy, base salaries generally represent a modest proportion of the total compensation opportunity for our executive officers. In January 2016, the Compensation Committee reviewed the base salaries of our NEOs, comparing these salaries to the base salary levels at the companies in our peer group, as well as considering the roles and responsibilities and potential performance of the NEOs and their positioning for other elements of their compensation. After this review, the Compensation Committee made the adjustments to base salary set forth in the table below.

Name	2015 Base Salary	2016 Base Salary	Percentage Increase over 2015
Joseph M. Hogan	\$950,000	\$975,000	2.6%
John F. Morici	N/A	\$400,000	N/A
David L. White	\$424,000	\$437,000	3.1%
Raphael S. Pascaud	\$397,000	\$425,000	7.1%
Emory Wright	\$369,000	\$395,000	7%
Zelko Relic	\$358,000	\$375,000	4.7%

Mr. Morici's base salary of \$400,000 was based on a review of peer CFO compensation, as well as pay packages for recently hired CFOs at other companies in which we compete for talent.

#### Annual Cash Incentive Compensation

Annual Cash Incentive Plan. Align uses a cash incentive compensation plan to reward our NEOs for achieving and surpassing pre-established financial goals. All of our NEOs participated in the executive bonus plan. In March 2016, the Compensation Committee conducted a review of our Annual Cash Incentive Award plan and adopted the following formula for 2016. The pool of available funds to pay out awards to our executive officers is based on the extent to which the Company meets or exceeds predetermined goals under selected financial metrics. Beginning in 2016, the Compensation Committee discontinued the use of key strategic initiatives as a key metric, believing that successful implementation of key strategic initiatives helped drive revenue growth and ultimately operating income which are measured separately. Consequently, the Compensation Committee selected two financial metrics, weighted as identified below, for purposes of funding the overall pool:

Revenue - 60%

Operating Income - 40%

Considered in the aggregate for 2016, these metrics are strong indicators of our overall performance and our ability to create stockholder value. These measures were balanced among propelling growth while encouraging efficiency and are aligned with our business strategies. In determining actual bonuses to be awarded to each individual NEO, bonus amounts will be adjusted upward or downward based on an executive officer's overall performance and his or her contribution to the achievement of our performance goals.

Target Bonus Percentage. The target award opportunity is the amount of cash incentive compensation that our NEOs could expect to earn if Align's financial and strategic performance goals for the year are achieved. Each executive officer is assigned a target award opportunity of 60% of his or her base salary, except for Mr. Hogan who is assigned a target award opportunity of 150% of his base salary. The incentive targets of the NEOs were set by the Compensation Committee based on the scope and significance of their roles as the leaders of Align, with the CEO receiving the highest target due to his greater responsibilities. In addition, in order to appropriately encourage and reward a range of acceptable performance and contributions, our awards are structured so that the actual payout under an executive officer's award can be as low as 0% of target or up to a maximum award of 240% of target.

Individual Multiplier. The Individual Multiplier reflects each executive's individual performance and is determined at the Compensation Committee's discretion based on the recommendation of the CEO. There is no specific weight given to any one individual goal or performance criterion. The Compensation Committee considers each executive officer's performance in light of that individual's achievement of his or her individual goals. The assessment is based on our CEO and Compensation Committee's determinations regarding how well the executive performed his or her job, and such assessment is qualitative, not quantitative, in nature. The CEO does not provide input to the Compensation Committee on his own performance. Individual performance that meets expectations yields a 100% multiplier.



Company Multiplier. The Company Multiplier is the same for all executive officers. The Company Multiplier is determined based on pre-established goals under selected financial targets. As mentioned above, at the beginning of 2016, the Committee reviewed the structure of the executive bonus plan and selected two financial metrics that focused on (1) growth, and (2) profitability

for purposes of funding the overall pool. Management typically recommends the performance targets for bonus pool funding based on our Annual Operating Plan but the targets are ultimately approved by the Compensation Committee and reviewed by the Board of Directors. For 2016, the Compensation Committee approved 100% bonus pool funding based on a revenue growth rate of 17.5% compared to 2015 and operating income of \$229 million or 23.0% of revenue.

The following table shows the performance metrics used in 2016 and our level of performance with respect to these metrics:

Measure/Weight/ Calculated	Why do we use this measure?	Target (in millions)	Achievement (in millions)	Level of Achievement vs Target	Impact on Company Multiplier
Revenue <sup>(1)(2)</sup> (60%)	Improvement in this measure aligns with our overall growth strategy.	\$993	\$1,080	108.7%	117.4%
Adjusted Non-GAAP Operating income <sup>(1) (2)</sup> (40%)	Directly links incentive payments to Company profitability and provides incentives to our employees (including our executives) to share in our profitability. Because profitability encompasses both revenue and expense management, the Compensation Committee believes this measure encourages a balanced, holistic approach by our executives to manage our business. The Compensation Committee considers operating profit before taxes because our executives cannot predict or directly affect our taxes or our tax rate.	\$229	\$303.1	103.5%	84.4%
COMPANY MULTIPLIER:					202 %

(1) The target performance and the level of performance at which the funding for that particular financial performance measure will be capped as follows:

A rating of zero if achievement is below 90% of target. Company performance below target automatically reduces only the payout related to that goal, not the other goals, as we want executives to have the same incentive to achieve other financial goals as well as their individual performance goals even if our performance tracks below the target during the course of the year;

A rating ranging from 60% to 100% if achievement meets or exceeds the minimum performance level but does not achieve the target performance level; and

A rating of 101% and above if achievement exceeds the target performance level. Each individual financial metric is uncapped, however, once the Company Multiplier reaches 240% in the aggregate, the bonus pool is fully funded. Therefore, in the aggregate, the bonus pool for our executive officers will not exceed 240% funding.

Adjusted Non-GAAP Operating Income was adjusted to exclude stock based compensation expense. The Compensation Committee also has the discretion to exclude the following items from Revenue and Operating Income:

- (a) significant and/or extraordinary items that are not indicative of our core operating performance that are separately stated on our financial statements;
- (b) items identified as non-GAAP in the Company's quarterly earnings announcements; and

(c) other discrete items as necessary that may result in unintended gain or loss under the bonus plan. The Compensation Committee believes that the items listed in (a) through (c) above are not indicative of our core operating performance. Appendix A to this proxy statement includes a reconciliation of adjusted Non-GAAP Operating Income and Revenue achievement to the most comparable GAAP measures.

The Compensation Committee believes that the performance objectives established for the financial measures represent meaningful improvements for the organization and, therefore, are reasonably difficult to attain which is in line with our pay-for-performance philosophy. Finally, the Compensation Committee reserves the right to apply judgment in the final determination of cash incentive awards and can adjust actual results (up or down) to reflect the impact of certain extraordinary items or events to more accurately reflect the overall performance of the management team.

In addition, the Board of Directors retains authority to pay additional discretionary bonuses outside the executive bonus plan if warranted by performance not measured under the plan. In 2016, the Compensation Committee did not authorize any such discretionary bonus payments outside of the executive bonus plan to our NEOs, except with respect to Mr. Morici who received a one-time cash bonus payment in connection with commencing employment with the Company. A signing bonus of \$150,000 (subject to full repayment if Mr. Morici's employment terminates under certain conditions during his first year of employment and as to a pro rata amount based on the number of months employed if his employment terminates under certain conditions during the second year of his employment).

Awards to the NEOs. The Compensation Committee awarded the cash incentive awards set forth below to the NEOs for 2016 performance. These awards are also set forth in the Summary Compensation Table on page 39 under the heading "Non-Equity Incentive Plan Compensation." Consistent with our philosophy of linking pay to performance, each executive officer's total cash compensation increased in 2016, reflecting the Company Multiplier having increased from 100.6% in 2015 to 202% in 2016. In addition, the Compensation Committee (with input from our CEO, other than with respect to himself) also performed a full evaluation of the individual performance component for each NEO and determined that each NEO should receive an Individual Performance Multiplier of between 95% to 100%, based on their respective contributions to the Company in their respective divisional or functional capacities.

Name	Target Incentive Award (as % of Base Salary)	Target Incentive Award (in 000s)	Company Multiplier	Individual Multiplier	Actual Incentive Award (in 000s)	Actual Award as % of Target
Joseph M. Hogan	150%	\$1,462	202%	100%	\$2,930	202%
John F. Morici	100%	\$34 <sup>(1)</sup>	202%	100%	\$68	202%
David L. White	60%	\$262	202%	100%	\$529	202%
Raphael S. Pascaud	60%	\$223	202%	95%	\$427	192%
Emory Wright	60%	\$237	202%	100%	\$478	202%
Zelko Relic	60%	\$225	202%	100%	\$454	202%

<sup>(1)</sup> The award for Mr. Morici was pro rated based on the number of months he was employed by the Company in 2016.

#### Long-Term, Equity-Based Incentive Awards

We use equity compensation to align our named executive officers' interests with those of our stockholders and to attract and retain high-caliber executives through recognition of anticipated future performance. We determine appropriate grant amounts, if any, by reviewing competitive market data, individual performance assessments and business objectives with the Compensation Committee at least annually.



Award Type Rationale for 2016 portfolio

Why RSUs? We believe RSUs reward retention (even in the event of a decline in Align's share price) and provide an incentive to grow the value of Align's stock. In addition, RSUs enable our executives to accumulate stock ownership in the Company.

Why MSUs? We believe MSUs provide a vehicle that has more consistent value delivery compared to stock options which also aligns the long-term interests of our executive officers and stockholders by rewarding executives for Align's performance measured in relation to other companies over a specified period. The actual number of shares of our common stock issuable under MSUs varies based on over-or under-performance of Align's stock price compared to the NASDAQ Composite Index during the three-year performance period. If Align under-performs the NASDAQ Composite Index, the percentage at which the MSUs convert into shares of Align stock will be reduced from 100%, at a rate of two to one (two-percentage-point reduction in units for each percentage point of under-performance), with a minimum percentage of 0%. This means that no shares will vest if Align underperforms the NASDAQ Composite by 50 percentage points. If Align outperforms the NASDAQ Composite Index, the percentage at which the MSUs convert to shares will be increased from 100%, at a rate of two to one (two-percentage-point increase in units for each percentage point of over-performance), with a maximum percentage of 150%. This means that if Align outperforms the NASDAQ Composite by 25 percentage points, the maximum number of shares that will vest is 150% of the award amount. For example, if the NASDAQ Composite index increased by 10% over the performance period and our stock price increased by 30% over the performance period, then the number of shares issuable under the MSUs would be 140% of target or  $(130\% - 110\%) \times 2 = 140\%$ .

#### Award Type Vesting Detail

RSUs Typically vests over four-years with 1/4 vesting annually

MSUs Three year performance period beginning February 2016 and ending February 2019

Awards in 2016. Consistent with our ongoing efforts to align pay for performance, we continue to emphasize equity awards granted to our executive officers that are tied directly to performance measured in relation to other companies over a specified period. In 2016, 50% (or 60% in the case of our CEO) of the value of the equity-based awards of our NEOs were designated as "performance-based." The Compensation Committee believes that the CEOs compensation should be tied more closely to the Company's performance when compared to the other NEOs and therefore set a greater percentage of his 2016 long-term equity compensation as performance-based. In making these awards, the Compensation Committee again considered the market data, as well as the other competitive positioning factors described above.

Under the employment agreement entered into with Mr. Morici in connection with his appointment as CFO, he was granted a sign-on award consisting of 18,835 RSUs. The RSUs granted to Mr. Morici vest 25% on each anniversary of the date of grant for full vesting in four years.

The table below sets forth the equity awarded to the NEOs for fiscal 2016:

Name	RSUs	Target MSUs <sup>(1)</sup>
Joseph M. Hogan	30,000	46,000
John F. Morici	18,835	N/A
David L. White	10,000	10,000
Raphael S. Pascaud	12,000	12,000
Emory Wright	10,000	10,000

Zelko Relic            10,000 10,000

The number of MSUs set forth in this column represents the Target Shares; however, the actual number of MSUs<sup>(1)</sup> to be earned, if any, is determined based on the formula set forth in the Market Stock Unit Agreement up to a maximum of 150% of the amount of the Target Shares.

35

---

#### Severance and Change of Control Arrangements

Employment Agreements. Each NEO is eligible to receive benefits under certain conditions in accordance with their respective employment agreement. Each such agreement provides for benefits to the executive officer upon:

- a change of control; and
- termination without cause or for convenience.

In adopting the change of control provisions in these agreements, the Compensation Committee's primary objective was to ensure that our executives have sufficient security such that they are not biased against selling the Company in the event a stockholder favorable merger and acquisition transaction is presented to the Company. If Align were to pursue a change of control transaction beneficial to Align stockholders, the Committee believes that our executive officers' active support of the transaction through closing would be critical in ensuring the success of such a transaction.

Change of Control Only. Though the cash severance amounts payable each NEO in connection with a change of control are subject to a "double trigger" (meaning to get paid out the cash portion of their change of control arrangement, first there has to be a change of control and then the executive must be terminated without cause or for convenience within a specified period of time of such change of control), the Committee adopted a "single trigger" for these executive officers (other than our new CFO) whereby the vesting of equity awards is accelerated by one year immediately upon a change of control.

With respect to our CFO, Mr. Morici (as well as any executive officer who joins after September 2016) the Committee eliminated all single trigger severance and equity acceleration provisions. Rather, severance payments and equity acceleration to Mr. Morici (as well as any officer who joins after September 2016), are subject to "double trigger" arrangements that require both a change in control plus a qualifying termination event before any cash payments are paid or any equity acceleration occurs.

Termination Following a Change of Control. In the event any of our NEOs other than Mr. Morici is terminated without cause or for convenience within 12 months (or 18 months in the case of Mr. Hogan) of a change in control ("double trigger"), 100% of his unvested equity awards are accelerated and a cash severance payment is made. Mr. Morici receives a cash severance payment and 100% of his unvested equity awards will accelerate in the event he is terminated without cause or for convenience within 18 months of the change of control ("double trigger" for both cash payment and equity acceleration).

Termination Unrelated to a Change of Control. For termination without cause or for convenience unrelated to a change of control, the vesting of equity awards held by an NEO (except for the CEO and CFO) is immediately accelerated by one year and a cash severance payment will be made. Our CEO, CFO, as well as any officer who joins after September 2016, receives only a cash severance payment (no equity acceleration) if terminated for cause or for convenience unrelated to a change of control.

The cash severance benefits are intended to provide consideration for the employee's service to Align and expected length of time until subsequent employment is secured. The severance provisions also assist in recruiting executives given that executive roles tend to carry higher risks. The amounts that each of our current NEOs would have been entitled to if one of the termination or change of control events mentioned above occurred on December 31, 2016 are set forth in "-Payments Upon Termination or Change of Control."

#### Other Compensation Arrangements

Welfare and Other Employee Benefits. We maintain a tax-qualified Section 401(k) retirement plan and a Company match for all employees, including our executive officers.



In addition, we provide health and welfare benefits to our executive officers on the same basis as all of our full-time employees in the country in which they are resident. These benefits include medical, dental and vision benefits, medical and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death, basic life insurance coverage, and our employee stock purchase plan. We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices and the competitive market.

Perquisites and Other Personal Benefits. Mr. Pascaud, who has his primary residence in the United Kingdom, is provided with a car in accordance with customary local practice as well as a housing allowance. In addition, executive officers are reimbursed for travel by a non-employee companion (eg., spouse) to customer events and certain other Company events where it is appropriate and in the interest of the Company for the executive to have a companion join him or her. See "Summary Compensation Table" for more information concerning these perquisites. In the future, we may provide perquisites or other personal benefits in limited circumstances,

such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment, motivation, or retention purposes. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the Compensation Committee.

#### Corporate Tax Deduction on Compensation in Excess of \$1 Million a Year

Section 162(m) of the U.S. Internal Revenue Code, or Section 162(m), generally disallows a tax deduction to public companies for compensation in excess of \$1 million paid to the CEO or any of the three other most highly compensated officers other than the CFO. Performance-based compensation arrangements may qualify for an exemption from the deduction limit if they satisfy various requirements under Section 162(m). Although Align considers the impact of this rule when developing and implementing its executive compensation programs, Align believes that factors other than tax deductibility are important in the design of executive compensation programs and that it is important to preserve flexibility in designing such programs. Accordingly, Align has not adopted a policy that all compensation must qualify as deductible under Section 162(m). While the Compensation Committee believes that equity awards granted pursuant to the Incentive Plan qualify as “performance-based,” other awards permitted by the terms of the Incentive Plan and certain other amounts paid under Align’s compensation programs (such as salary) may not qualify for exemption from Section 162(m)’s deduction limitation. The 2016 compensation for our NEOs was fully deductible under 162(m) as the elements of compensation that are included under Section 162(m) did not exceed \$1 million for the “covered employees” described above.

COMPENSATION COMMITTEE OF THE BOARD REPORT

The following is the report of the Compensation Committee of the Board with respect to the year ended December 31, 2016. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with management. Based on the Compensation Committee's review and discussion with management, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION COMMITTEE

George J. Morrow, Chair

David C. Nagel

Greg Santora

## SUMMARY COMPENSATION TABLE FOR FISCAL YEAR ENDED 2016

The following Summary Compensation Table sets forth certain information regarding the compensation of (i) our President and Chief Executive Officer, (ii) our Chief Financial Officer, (iii) our former Chief Financial Officer, and (iv) our three next most highly compensated executive officers as of fiscal 2016. Information is provided for 2015 and 2014 for each NEO who was also a NEO during those years.

Name and Principal Position	Year	Salary (\$)	Bonus (\$) (1)	Stock Awards (\$) (2)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Joseph Hogan, President & Chief Executive Officer	2016	973,077	—	5,067,180	2,930,000	22,004	8,992,261
	2015	548,077	1,500,000	14,330,100	960,000	44,822	17,382,999
John F. Morici, Chief Financial Officer	2016	49,231	150,000	1,786,311	67,700	32,381	2,085,623
David L. White Former Chief Financial Officer	2016	436,000	—	1,321,700	529,100	8,554	2,295,354
	2015	438,346	—	1,305,940	268,700	9,090	2,022,076
	2014	406,192	—	1,645,480	241,700	9,268	2,302,640
Raphael S. Pascaud Chief Marketing Portfolio and Business Development Officer	2016	372,000	—	1,586,040	427,400	—	2,385,440
	2015	369,000	—	1,362,720	311,300	2,298	2,045,318
	2014	334,007	125,453	2,371,593	228,600	43,278	3,102,931
Emory Wright Vice President, Operations	2016	393,000	—	1,321,700	478,300	13,653	2,206,653
	2015	381,237	—	965,260	278,400	7,950	1,632,847
	2014	349,543	—	2,531,916	221,400	7,800	3,110,659
Zelko Relic Vice President, Research and Development	2016	373,692	—	1,321,700	454,100	11,318	2,160,810
	2015	366,231	—	1,362,720	248,500	9,090	1,986,541

(1) Amounts reflect (i) a one-time signing bonus for Mr. Hogan, (ii) a one-time signing bonus for Mr. Morici and (iii) a special retention bonus paid to Mr. Pascaud in connection with the departure of our previous VP, International. The amounts shown in this column reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions used in the calculations of these amounts are included in Note 9 to our audited

(2) financial statements for the year ended December 31, 2016 included in the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2017. This same method was used for years ended December 31, 2015 and 2014. There can be no assurance that the grant date fair value amounts will ever be realized.

Total Compensation. Total compensation as reported in the Summary Compensation table increased for our NEOs (other than our CEO) primarily due to the overperformance of our cash incentive bonus plan which paid out at 202% of target in 2016 compared to 100.6% of target in 2015. This above target payout reflects Align's strong financial performance in 2016 and the resulting bonus awards are consistent with our philosophy of linking pay to performance. Mr. Hogan's total compensation decreased in 2016 compared to 2015 due to the fact that his 2015 compensation included his new hire equity award which was significantly larger than the equity awards he received in 2016 along with a one-time signing bonus. For additional information regarding the amounts included in the Summary

Compensation Table, see “—Compensation Discussion and Analysis”.

Stock Awards. Stock awards include time-based RSUs that typically vest over a four year vesting period, as well as MSUs which are earned based on a comparison of Align’s stock price performance to the NASDAQ Composite index over a 3-year performance period.

Option Awards. We did not grant any options in the past three years.

Non-Equity Incentive Plan Compensation. The amounts shown in this column represent employee annual incentive award payments and are reported for the year in which they were earned, though they were paid in the following year. The material terms of the performance payment plan are described under “Compensation Discussion and Analysis –Annual Cash Incentive (Bonus) Compensation.”

All Other Compensation. The amounts shown in this column represent the aggregate dollar amount for each NEO for a Company 401(k) and Health Spending Account matching programs, life insurance and accidental death and dismemberment premiums as well as employee discount programs for our products which are available to all employees, including our NEOs. The amounts also include housing allowances, eligible relocation expenses, anniversary gift for Mr. Wright who reached the 10 year anniversary of his employment with Align, and airfare for travel companion to certain Company events.

Name	Dollar Value of Life Insurance Premiums	Matching contributions under Align's 401(k) Plan	Matching contributions under Align's Health Spending Account	Airfare for travel companion	Anniversary Recognition	Relocation
Mr. Hogan	\$ 2,280	\$ 7,950	\$ —	\$ 11,774	\$ —	\$ —
Mr. Morici	\$ 92	\$ —	\$ —	\$ —	\$ —	\$ 32,289
Mr. White	\$ 604	\$ 7,950	\$ —	\$ —	\$ —	\$ —
Mr. Wright	\$ 546	\$ 7,950	\$ —	\$ —	\$ 5,157	\$ —
Mr. Relic	\$ 1,368	\$ 7,950	\$ 2,000	\$ —	\$ —	\$ —

#### GRANTS OF PLAN-BASED AWARDS FOR FISCAL YEAR ENDED 2016

The following table shows all plan-based awards granted to the NEOs during 2016, including:

cash amounts that could have been received in 2016 by our NEOs under the terms of our performance-based cash incentive plan (CIP); and

- time-vested RSUs and performance-based MSUs awards granted by the Compensation Committee to our NEOs in 2016 reflected on an individual grant basis.

#### 2016 Grants of Plan-Based Awards

Name	Type of Award	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Awards	Non-equity Incentive	Estimated Future Payouts Under Equity Incentive Awards	All Other Stock Awards: Number of Shares or Units	Grant Date Fair value of Options and Awards (\$)
				Target (\$)	Maximum (\$)	Target (#)	Maximum (#)	
Joseph M. Hogan	CIP			\$1,462,500	\$3,510,000			
	RSU	2/20/2016	2/2/2016				30,000	\$1,898,700
	MSU	2/20/2016	2/2/2016			46,000	69,000	\$3,168,480
John F. Morici	CIP			\$34,000	\$81,600			
	RSU	11/20/2016	11/10/2016				18,835	\$1,786,311
	CIP			\$262,200	\$629,280			
David L. White	RSU	2/20/2016	2/2/2016				10,000	\$632,900
	MSU	2/20/2016	2/2/2016			10,000	15,000	\$688,800
	CIP			\$223,000	\$535,200			
Raphael S. Pascaud	RSU	2/20/2016	2/2/2016				12,000	\$759,480
	MSU	2/20/2016	2/2/2016			12,000	18,000	\$826,560
	CIP			\$237,000	\$568,800			
Emory Wright	RSU	2/20/2016	2/2/2016				10,000	\$632,900
	MSU	2/20/2016	2/2/2016			10,000	15,000	\$688,800

Edgar Filing: ALIGN TECHNOLOGY INC - Form DEF 14A

	CIP			\$ 225,000	\$ 540,000		
Zelko Relic	RSU	2/20/2016	2/2/2016			10,000	\$ 632,900
	MSU	2/20/2016	2/2/2016		10,000 15,000		\$ 688,800

Approval Date. For each NEO equity grant, except for Mr. Morici, the Compensation Committee met on February 2, 2016 to finalize the grant of annual equity awards. Upon approval of the RSU and MSU awards for each NEO, the Compensation Committee determined that the actual date of grant would be February 20, 2016. This grant date was chosen in order to allow sufficient time for

the CEO to notify each NEO and other members of the management team of the grant. In connection with Mr. Morici joining Align as CFO, the Compensation Committee approved his new hire grant on November 20, 2016.

**Estimated Future Payouts under Non-Equity Incentive Plan Awards.** The amounts shown under this column represent the possible dollar payouts the NEOs could have earned for 2016 at target. For 2016, the target cash incentive award for each NEO (other than the CEO) was 60% of his base salary. For our CEO, the target cash incentive award was 150% of his base salary. Mr. Morici's target amount was pro-rated based on the number of months he was acting in the capacity of our CFO.

For a description of the performance objectives applicable to the receipt of these payments, see "Compensation Discussion and Analysis –Annual Cash Incentive Awards." The actual amount paid to each NEO for 2016 performance is set forth in the Summary Compensation Table above in the column "Non-Equity Incentive Plan Compensation."

**Threshold.** There is no threshold performance level. Rather, the Company's financial performance below a specific target automatically reduces only the payout related to that specific goal, not the other goals, because we want executives to have the same incentive to achieve strategic priorities as well as their individual performance goals even if our financial performance tracks below the target during the course of the year.

**Target.** The target amounts assume a corporate performance percentage of 100% and that the NEO received 100% of his target.

**Maximum.** The Compensation Committee determined in 2016 to cap the maximum amount any executive officer can receive at 240% of their target award opportunity.

**Estimated Future Payouts under Equity Incentive Plan Awards.** The amounts shown under this column represent potential share payouts with respect to MSUs. Each MSU vests over a three-year performance period, with 100% vesting in February 2019. The actual number of MSUs eligible to vest, will be determined based on a comparison of Align's stock price performance relative to the performance of the NASDAQ Composite index over the three-year performance period, up to a maximum of 150% of the number of target shares. If Align under-performs the NASDAQ Composite index, the percentage at which the MSUs convert into shares of Align stock will be reduced from 100%, at a rate of two to one (two-percentage-point reduction in units for each percentage point of under-performance), with a minimum percentage of 0%. This means that no shares will vest if Align underperforms the NASDAQ Composite index by 50%. If Align outperforms the NASDAQ Composite index, the percentage at which the MSUs convert to shares will be increased from 100%, at a rate of two to one (two-percentage-point increase in units for each percentage point of over-performance), with a maximum percentage of 150%. This means that if Align outperforms the NASDAQ Composite index by 25%, the maximum number of shares that will vest is 150% of the award amount.

**Stock Awards.** Stock awards represent grants of RSUs under our 2005 Incentive Plan. Since RSUs are taxable to each NEO when they vest, the number of shares we issue to each named executive officer will be net of applicable withholding taxes which will be paid by Align on behalf of each NEO. The RSUs will result in payment to the NEO only if the vesting criteria are met and the NEO then sells the stock that has vested. Each RSU granted to our NEOs vest over a four-year period, with 25% of the shares subject to the RSU vesting each anniversary of the date of grant, with full vesting in four years.

**Grant Date Fair Value.** The amounts shown in this column reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of awards of RSUs and MSUs. Assumptions used in the calculations of these amounts are included in Note 9 to our audited financial statements for the year ended December 31, 2016 included in the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2017. There can be no assurance that the grant date fair value amounts will ever be realized. The RSUs are time based awards and are not subject to performance conditions. Amounts for MSUs represent the estimate of the aggregate compensation cost to be recognized over the three-year performance period determined as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures. The actual number of shares that are paid out will depend on Align's stock price performance relative to the performance of the NASDAQ Composite index over the three-year performance period, up to a maximum of 150% of the number of target shares.



Timing of Equity Grants. The Compensation Committee, in consultation with management, our independent auditors and legal counsel, has adopted the following practices on equity compensation awards:

- Align does not plan to time, nor has it timed, the release of material non-public information for the purpose of affecting the exercise price of its stock options;

- consistent with the policy described in the bullet point above, all awards of equity compensation for new employees (other than new executive officers described in the next bullet point) are made on the first day of the month for those employees who started during the period between the 16<sup>th</sup> day of the month that is two months prior to the grant date and the 15<sup>th</sup> day of the month prior to the month of the grant date. For example, May 1, 2017 grants will cover new hires starting between March 16, 2017 and April 15, 2017; and

- annual incentive grants are made on or about the same day for all employees (including executive officers); in each of 2016, 2015 and 2014 such date was February 20. The Compensation Committee sets the actual grant date approximately one week following approval of the size of each grant in order to provide Align managers with adequate time to inform each employee individually of their grant.

## OUTSTANDING EQUITY AWARDS AT FISCAL 2016 YEAR END

The following table sets forth information regarding outstanding equity awards as of December 31, 2016 for each NEO. All vesting is contingent upon continued employment with Align. Market values and payout values in this table are calculated based on the closing market price of our common stock as reported on NASDAQ on December 31, 2016, which was \$96.13 per share.

Name	Option Awards				Stock Awards				Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights that have Not Vested (#)	
	Number of securities underlying unexercised options (#)	Number of securities underlying unexercised options (#)	Number of securities underlying unexercised options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights that have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Joseph M. Hogan							55,000 (1 )	5,335,215		
							30,000 (12)	2,883,900		
									111,000 (2)	10,670,430
									46,000 (13)	4,421,980
John F. Morici							18,835 (14)	1,810,609		
David L. White							18,412 (4 )	1,769,946		
							3,750 (5 )	360,488		
							4,000 (6 )	384,520		
							8,625 (10)	829,121		
							10,000 (12)	961,300		
									15,500 (7 )	1,490,015
									11,500 (11)	1,105,495
									10,000 (13)	961,300
Raphael S. Pascaud	5,400	—	(15)	—	17.97	12/1/2017	875 (3 )	84,114		
							1,000 (3 )	96,130		
							1,250 (8 )	120,163		
							11,594 (9 )	1,114,531		
							4,900 (5 )	471,037		
							500 (6 )	48,065		
							9,000 (10)	865,170		
							12,000 (12)	1,153,560		
									5,900 (7 )	567,167

							12,000	(11)	1,153,560
							12,000	(13)	1,153,560
Emory Wright	5,025	—	(16)	—	20.79	2/18/2018	7,500	(3 )	720,975
							7,874	(5 )	756,928
							4,050	(6 )	389,327
							6,375	(10)	612,829
							10,000	(12)	961,300
							23,850	(7 )	2,292,701
							8,500	(11)	817,105
							10,000	(13)	961,300

Zelko Relic	7,775	(15)	747,411
	500	(5 )	48,065
	500	(6 )	48,065
	9,000	(10)	865,170
	10,000	(12)	961,300
	2,000	(7 )	192,260
	12,000	(11)	1,153,560
	10,000	(13)	961,300

(1) RSUs vest at a rate of 25% on December 31, 2015, December 31, 2016, December 31, 2017 and December 31, 2018.

(2) MSUs vest 100% on June 1, 2018.

(3) RSUs vest at a rate of 25% of the total number of shares subject to the restricted stock unit on the first year, second year, third year and fourth year anniversary of the date of grant for vesting on February 20, 2014, February 20, 2015, February 20, 2016 and February 20, 2017.

(4) RSUs vest at a rate of 25% of the total number of shares subject to the restricted stock unit on the first year, second year, third year and fourth year anniversary of the date of grant for vesting on August 20, 2014, August 20, 2015, August 20, 2016, and August 20, 2017.

(5) RSUs vest at a rate of 25% of the total number of shares subject to the restricted stock unit on the first year, second year, third, fourth year anniversary of the date of grant for vesting on February 20, 2015, February 20, 2016, February 20, 2017, and February 20, 2018.

(6) RSUs vest at the rate of 50% on February 20, 2016 and 50% on February 20, 2017.

(7) MSUs vest at a rate of 100% on February 20, 2017 for full vesting at the end of three-year performance cycle.

(8) RSUs vest at a rate of 25% of the total number of shares subject to the restricted stock unit on the first year, second year, third and fourth year anniversary of the date of grant for vesting on November 20, 2014, November 20, 2015, November 20, 2016, and November 20, 2017.

(9) RSUs vest at a rate of 25% of the total number of shares subject to the restricted stock unit on the first year, second year, third year and fourth year anniversary of the date of grant for vesting on January 20, 2015, January 20, 2016, January 20, 2017, and January 20, 2018.

(10) RSUs vest at a rate of 25% of the total number of shares subject to the restricted stock unit on the first year, second year, third year, and fourth year anniversary of the date of grant for vesting on February 20, 2016, February 20, 2017, February 20, 2018 and February 20, 2019.

(11) MSUs vest at a rate of 100% on February 20, 2018.

(12) RSUs vest at a rate of 25% of the total number of shares subject to the restricted stock unit on the first year, second year, third and fourth year anniversary of the date of grant for vesting on February 20, 2017, February 20, 2018, February 20, 2019 and February 20, 2020.

(13) MSUs vest at a rate of 100% on February 20, 2019.

(14) RSUs vest at a rate of 25% of the total number of shares subject to the restricted stock unit on the first year, second year, third and fourth year anniversary of the date of grant for vesting on November 20, 2017, November 20, 2018, November 20, 2019, and November 20, 2020.

(15) RSUs vest at a rate of 25% on December 31, 2014, December 31, 2015, December 31, 2016 and December 31, 2017.

## OPTION EXERCISES AND STOCK VESTED DURING FISCAL YEAR ENDED 2016

The following table provides information concerning each vesting of restricted stock units for each NEO during the fiscal year ended December 31, 2016.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (1)	Value Realized on Vesting (2)
Joseph M. Hogan	27,750	\$2,667,608
John F. Morici	—	—
David L. White	27,162	\$2,299,613
Raphael S. Pascaud	15,873	\$1,026,878
Emory Wright	66,838	\$4,230,177
Zelko Relic	11,525	\$1,010,095

For each NEO, such number of shares represents the gross number of shares acquired by the NEO on the vesting date; however, because RSUs and MSUs are taxable to the individuals when they vest, the number of shares we issue to each of our NEOs is net of applicable withholding taxes which are paid by us on their behalf.

The value realized on vesting equals the closing price per share of our common stock as reported on the NASDAQ Global Market on the vesting date multiplied by the gross number of shares acquired on vesting as described above in note (1).

## POTENTIAL PAYMENT UPON TERMINATION OR CHANGE OF CONTROL

Each of the tables in this section describes the potential payments upon termination or a change of control for our NEOs. All amounts are estimated based on an assumed triggering date of December 31, 2016 and the closing sale price of our common stock on the NASDAQ Global Market on December 30, 2016 of \$96.13, which was the last trading day of the year.

## Chief Executive Officer

Mr. Hogan serves as our President and Chief Executive Officer pursuant to an employment agreement entered into on April 17, 2015. The employment agreement provides that Mr. Hogan is entitled to an annual target bonus of 150% of his base salary based upon the attainment of performance objectives agreed upon in each fiscal year and established by the Board.

Name	Type of Payment	Payments Upon Involuntary or Good Reason Termination Unrelated to Change of Control	Payments Upon Involuntary or Good Reason Termination Related to a Change of Control	Change of Control Only	Death or Disability
Joseph M. Hogan	Severance Payment	\$ 4,875,000	\$4,875,000	\$—	\$—
	Equity				
	RSUs	\$ —	\$8,171,050	\$3,388,583	\$8,171,050
	MSUs	\$ —	\$22,638,615	\$10,392,048	\$22,638,615
	Health and Welfare Benefits	\$ 1,340	\$1,340	\$—	\$—
	Total	\$ 4,876,340	\$35,686,005	\$13,780,631	\$16,446,038

Termination Unrelated to a Change of Control. A termination unrelated to a change of control is a termination that occurs either before or 18 months after the change of control date. In the event Mr. Hogan is terminated other than for cause, death or disability or he resigns for good reason, Mr. Hogan is entitled to a payment (payable in a lump sum) equal to:

- (1) twice his then current annual base salary;
- (2) the then current year's target bonus, prorated for the number of days Mr. Hogan has been employed during the year; and
- (3) the greater of 150% of the then current year's target bonus or the prior year's actual bonus.

Mr. Hogan's employment agreement also provides that Align will pay his monthly premium under COBRA until the earliest of 18 months following the termination of employment if terminated without cause or resignation for good reason or the date upon which Mr. Hogan commences new employment.

Change of Control Only. In the event of a change of control, Mr. Hogan will immediately vest in an additional number of shares under all outstanding RSU awards as if he had performed 12 additional months of service. For the purposes of determining the number of MSUs that will vest:

the performance period shall be deemed to end upon the closing of the change of control in order to determine Align's stock price performance relative to the NASDAQ Composite index for the purpose of calculating the amount that Align has over or underperformed the NASDAQ Composite index (with the MSUs converting into shares of Align stock either being reduced from 100% (in the case of underperformance) or increased from 100% (in the case of overperformance) at a rate of two to one (the "Performance Multiplier"); and

Align's stock price performance will be based on the per share value of the Company's common stock paid to its stockholders in connection with the change of control.

On the date of the change of control, Mr. Hogan will vest in that number of MSUs equal to  $(A)/36*(X)*(Y)$  with (A) representing the number of months (including partial months) that have elapsed from the commencement of the performance period through the date of the change of control and (X) representing the total number of MSUs subject

to the award and (Y) representing the Performance Multiplier.

**Termination Related to a Change of Control.** A termination related to a change of control is a termination that occurs within 18 months from the change of control date. If within 18 months of a change of control either Mr. Hogan's employment is terminated other than for cause, death or disability or Mr. Hogan resigns for good reason, he would immediately vest in all outstanding equity awards and receive a payment (payable in a lump sum) equal to:

- (1) twice his then current annual salary;
- (2) the then current year's target bonus, prorated for the number of days Mr. Hogan has been employed during the year; and
- (3) the greater of 150% of the then current year's target bonus or the prior year's actual bonus.

Mr. Hogan's employment agreement also provides that Align will pay his monthly premium under COBRA until the earliest of 18 months following the termination of employment if terminated without cause or resignation for good reason or the date upon which Mr. Hogan commences new employment.

**Death or Disability.** In the event Mr. Hogan's employment terminates as a result of his death or disability, Mr. Hogan will immediately vest in 100% of all outstanding equity awards. On the date of the employment termination due to death or disability, the performance period shall be considered closed, and the date of the termination shall be used in order to determine Align's stock price performance relative to the NASDAQ Composite index for the purpose of calculating the amount that Align has over or underperformed the NASDAQ Composite index (with the MSUs converting into shares of Align stock either being reduced from 100% (in the case of underperformance) or increased from 100% (in the case of overperformance) at a rate of two to one.

**Conditions to Payment.** Prior to receiving any payments upon termination of employment, Mr. Hogan must execute a general release of all known and unknown claims that he may have against Align and agree not to prosecute any legal action or other proceedings based upon any of such claims. In addition, Mr. Hogan has agreed, for a period of one year following termination, not to solicit employees of Align and has further agreed to be bound by the terms of a confidentiality agreement with Align.

#### Chief Financial Officer

Mr. Morici serves as our Chief Financial Officer pursuant to an employment agreement entered into on November 7, 2016. In determining the terms of this agreement, the Compensation Committee determined that for Mr. Morici and any executive officer joining after September 2016 would have a similar form of employment agreement with severance and change of control provisions described in the table below. Specifically, these updated forms of employment agreement will provide only for one year's base salary upon termination by the Company for convenience unrelated to a change of control is a termination that occurs either before or 18 months after the change of control date. In addition, in the event of a change of control, the Compensation Committee has determined that all cash severance and equity acceleration is subject to double trigger as described below.

The following table describes the potential payments upon termination or a change of control for Mr. Morici:

Name	Type of Payment	Payments Upon Involuntary or Good Reason Termination Unrelated to Change of Control	Payments Upon Involuntary Good or Change of Control Only	
			Good Reason Termination Related to a Change of Control	Change of Control Only
John F. Morici	Severance Payment	\$ 400,000	\$674,000	N/A
	Equity			
	RSUs	\$ —	\$ 1,810,609	N/A
	MSUs	\$ —	\$ —	
	Health and Welfare Benefits	\$ —	\$26,983	N/A
	Total	\$ 400,000	\$2,517,592	

**Termination Unrelated to a Change of Control.** A termination for convenience unrelated to a change of control is a termination that occurs either before or 18 months after the change of control date. Upon such occurrence, Mr. Morici's employment agreement provides that if his employment is terminated without cause or if the executive resigns for good reason, he will receive one year's base salary.



A Termination Related to a Change of Control. A termination related to a change of control is a termination that occurs within 18 months from the change of control date. If, within 18 months of a change of control either Mr. Morici's employment is terminated without cause or he resigns for good reason then he would :

- (1) immediately vest in all outstanding equity awards; and
- (2) be entitled to a payment (payable in a lump sum) equal to:
  - (i) his then current annual base salary;

(ii) his then current year's target bonus prorated for the number of days employed during the year (which for 2016 was 2/12 of the year), and

(iii) the greater of the then current year's target bonus or the prior year's actual bonus.

The employment agreement also provides that Align will pay his monthly premium under COBRA until the earliest of 12 months following the termination of employment if terminated without cause or resignation for good reason or the date upon which the executive commences new employment.

**Conditions to Payment.** Prior to receiving any payments upon termination of employment, the executive officer must execute a general release of all known and unknown claims that such officer may have against Align and agree not to prosecute any legal action or other proceedings based upon any of such claims. In addition, Mr. Morici has agreed, for a period of one year following termination, not to solicit employees of Align and has further agreed to be bound by the terms of a confidentiality agreement with Align.

Messrs. White, Pascaud, Wright and Relic

Each employment agreement with our NEOs (other than the CEO and our current CFO and other executives joining after September 2016) contains substantially the same terms and conditions. Each employment agreement sets forth the base salary, bonus opportunity, stock options, benefits and the responsibilities of each position in effect at the time of execution of the agreement. In addition, each agreement requires Align to provide compensation to these officers in the event of termination of employment or a change of control of Align. The compensation due in the event of the termination of each employment agreement varies depending on the nature of the termination. What is meant by the terms "cause", "good reason" and "change of control" is described more fully at the end of this section under the heading "Employment Agreement Definitions".

Name	Type of Payment	Payments Upon Involuntary or Good Reason Termination Unrelated to Change of Control	Payments Upon Involuntary or Good Reason Termination Related to a Change of Control	
			Change of Control Only	
David L. White	Severance Payment	\$ 967,900	\$967,900	\$—
	Equity			
	RSUs	\$ 2,851,408	\$4,305,374	\$2,851,408
	MSUs	\$ 3,582,423	\$5,335,215	\$3,582,423
	Health and Welfare Benefits	\$ 18,560	\$18,560	\$—
	Total	\$ 7,420,291	\$10,627,049	\$6,433,831
Raphael S. Pascaud	Severance Payment	\$ 906,500	\$906,500	\$—
	Equity			
	RSUs	\$ 1,718,083	\$4,000,834	\$1,718,083
	MSUs	\$ 2,388,159	\$4,311,431	\$2,388,159
	Total	\$ 5,012,742	\$9,218,765	\$4,106,242
Emory Wright	Severance Payment	\$ 910,400	\$910,400	\$—
	Equity			
	RSUs	\$ 1,933,415	\$3,441,358	\$1,933,415
	MSUs	\$ 5,694,346	\$8,139,808	\$5,694,346
	Health and Welfare Benefits	\$ 26,983	\$26,983	\$—
	Total	\$ 8,565,144	\$12,518,549	\$7,627,761

Zelko Relic	Severance Payment	\$ 848,500	\$848,500	\$—
	Equity			
	RSUs	\$ 1,348,223	\$2,670,011	\$1,348,223
	MSUs	\$ 1,767,739	\$3,460,680	\$1,767,739
	Health and Welfare Benefits	\$ 20,844	\$20,844	\$—
	Total	\$ 3,985,306	\$7,000,035	\$3,115,962

Termination Unrelated to a Change of Control. A termination for convenience unrelated to a change of control is a termination that occurs either before or 12 months after the change of control date. Upon such occurrence, these employment agreements provide that in the event any of Messrs. White, Pascaud, Wright and Relic's employment is terminated without cause or if the executive resigns for good reason, such executive will:

- (1) immediately vest in an additional number of shares under all outstanding option and RSU awards as if the executive had performed 12 additional months of service;
- (2) in the case of MSUs, the performance period shall be deemed to end upon the NEO's employment termination date for the purpose of determining the percentage amount that Align has over or underperformed the NASDAQ Composite index (the "Performance Multiplier"). The Performance Multiplier is calculated as follows:

if Align under-performs the NASDAQ Composite index, the percentage at which the MSUs convert into shares of

- (i) Align stock will be reduced from 100% at a rate of two to one (two-percentage-point reduction in units for each percentage point of under-performance); and

- (ii) if Align outperforms the index, the percentage at which the MSUs convert to shares will be increased from 100% at a rate of two to one (two-percentage-point increase in units for each percentage point of over-performance).

The executive will then vest in that number of market stock units equal to  $(A)/36*(X)*(Y)$  with (A) representing the number of months (including partial months) that have elapsed from the commencement of the performance period through the date of the termination of employment and (X) representing the total number of MSUs subject to the award and (Y) representing the Performance Multiplier. With respect to the MSU awards, from the beginning of the performance period in each of February 2014, 2013 and 2012 until the assumed December 31, 2016 termination date, Align had outperformed the NASDAQ Composite Index by more than 25% which resulted in a Performance Multiplier of 150% in the calculations set forth in the above table.

- (3) such executive is also entitled to receive a lump sum payment equal to:

- (i) the then current annual base salary;

- (ii) the then current year's target bonus, prorated for the number of days such executive has been employed during the year; and

- (iii) the greater of the then current year's target bonus or the prior year's actual bonus.

Each employment agreement also provides that Align will pay the such NEO's monthly premium under COBRA until the earliest of 12 months following the termination of employment if terminated without cause or resignation for good reason or the date upon which the executive commences new employment.

Change of Control Only. Each employment agreement with Messrs. White, Pascaud, Wright and Relic provides that in the event of a change of control the executive will immediately vest in an additional number of shares under all outstanding stock option and RSU awards as if he or she had performed 12 additional months of service. For the purposes of determining the number of MSUs that will vest:

the performance period shall be deemed to end upon the closing of the change of control in order to determine Align's stock price performance relative to the NASDAQ Composite index for the purpose of calculating the amount that Align has over or underperformed the NASDAQ Composite index (with the MSUs converting into shares of Align stock either being reduced from 100% (in the case of underperformance) or increased from 100% (in the case of overperformance) at a rate of two to one (the "Performance Multiplier"); and

Align's stock price performance will be based on the per share value of the Company's common stock paid to its stockholders in connection with the change of control.

On the date of the change of control, the executive will vest in that number of MSUs equal to  $(A)/36*(X)*(Y)$  with (A) representing the number of months (including partial months) that have elapsed from the commencement of the performance period through the date of the change of control and (X) representing the total number of MSUs subject to the award and (Y) representing the Performance Multiplier.

A Termination Related to a Change of Control. A termination related to a change of control is a termination that occurs within 12 months from the change of control date. Each employment agreement with Messrs. White, Pascaud, Wright and Relic provides that, if, within 12 months of a change of control either the executive's employment is terminated without cause or the executive resigns for good reason then the executive will:

- (1) immediately vest in all outstanding equity awards; and

- (2) be entitled to a payment (payable in a lump sum) equal to:



- (i) executive's then current annual base salary;
- (ii) executive's then current year's target bonus prorated for the number of days employed during the year, and
- (iii) the greater of the then current year's target bonus or the prior year's actual bonus.

Each employment agreement also provides that Align will pay the NEOs monthly premium under COBRA until the earliest of 12 months following the termination of employment if terminated without cause or resignation for good reason or the date upon which the executive commences new employment.

**Conditions to Payment.** Prior to receiving any payments upon termination of employment, the executive officer must execute a general release of all known and unknown claims that such officer may have against Align and agree not to prosecute any legal action or other proceedings based upon any of such claims. In addition, each executive has agreed, for a period of one year following termination, not to solicit employees of Align and has further agreed to be bound by the terms of a confidentiality agreement with Align.

#### Employment Agreement Definitions

**Definition of Cause.** In each employment agreement described above, cause means any of the following:

- unauthorized use or disclosure of the confidential information or trade secrets of Align;
- any breach of the employment agreement or the Employee Proprietary Information and Inventions Agreement between the executive and Align;
- conviction of, or a plea of "guilty" or "no contest" to, a felony under the laws of the United States or any state thereof;
- misappropriation of the assets of Align or any act of fraud or embezzlement by the executive, or any act of dishonesty by the executive in connection with the performance of his or her duties for Align that adversely affects its business or affairs;
- intentional misconduct; or
- the executive's failure to satisfactorily perform his or her duties after the executive received written notice of such failure and was provided at least thirty (30) days to cure such failure.

**Definition of Good Reason.** In each employment agreement described above, good reason means the executive's resignation within ninety (90) days of the occurrence of any one or more of the following events:

- the executive's position, authority or responsibilities being significantly reduced;
- the executive being asked to relocate his principal place of employment such that the commuting distance from his or her residence prior to the change of control is increased by over thirty-five (35) miles;
- the executive's annual base salary or bonus being reduced; or
- the executive's benefits being materially reduced.

**Definition of Change of Control.** In each employment agreement described above, change of control means any of the following:

- a sale of all or substantially all of Align's assets;
- the acquisition of more than 50% of the common stock of Align by any person or group of persons;
- a reorganization of Align wherein the holders of common stock of Align receive stock in another company (other than a subsidiary of Align), a merger of Align with another company wherein there is a 50% or greater change in the ownership of the common stock of Align as a result of such merger, or any other transaction in which Align (other than as the parent corporation) is consolidated for federal income tax purposes or is eligible to be consolidated for federal income tax purposes with another corporation; or
- in the event that the common stock is traded on an established securities market, a public announcement that any person has acquired or has the right to acquire beneficial ownership of more than 50% of the then outstanding common stock, or the commencement of or public announcement of an intention to make a tender offer or exchange offer for more than 50% of the then outstanding common stock.

#### Other Termination of Employment and Change of Control Arrangements

In addition to the termination of employment and change of control arrangements described above, the Compensation Committee of the Board has the authority as Plan Administrator of the 2005 Incentive Plan to accelerate the vesting of outstanding equity immediately upon an acquisition or change in ownership or majority of the Board.

#### PRINCIPAL STOCKHOLDERS

Except as otherwise noted in the footnotes to the following table, the information contained in the table below sets forth the beneficial ownership of our common stock as of March 22, 2017 by:

- each stockholder known by us to own beneficially more than 5% of our common stock;
- each of our executive officers named in the summary compensation table on page 39 of this proxy statement;
- each of our directors; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined based on the rules of the SEC. The column captioned “Total Shares Beneficially Owned” represents the number of shares of our common stock beneficially owned and the number of shares of our common stock subject to options that are currently exercisable or will become exercisable, restricted stock units and market stock units that will vest on or before May 21, 2017. The number of shares subject to options that each beneficial owner has the right to acquire and restricted stock units that will vest on or before May 21, 2017 is listed separately under the column “Number of Shares Underlying Options Exercisable and RSUs/MSUs vesting on or before May 21, 2017.” These shares are not deemed exercisable or vested for purposes of computing the percentage of shares beneficially owned by any other person. “Percentage of Outstanding Shares Beneficially Owned” is based upon 80,323,453 shares of our common stock outstanding as of March 22, 2017. The address for those individuals for which an address is not otherwise provided is c/o Align Technology, Inc., 2560 Orchard Parkway, San Jose, California 95131. Unless otherwise indicated, we believe the stockholders listed below have sole voting or investment power with respect to all shares, subject to applicable community property laws. Mr. White is not included in the table below as he is no longer an employee of Align as of March 3, 2017.

Name and Address	Number of Shares Outstanding Beneficially Owned	Number of Underlying Options Exercisable and RSUs vesting on or before May 21, 2017 (1)	Total Shares Beneficially Owned	Percentage of Outstanding Shares Beneficially Owned	
Gordon Gund, family members and affiliated entities (2)	6,622,078	—	6,622,078	8.2	%
BlackRock, Inc. (3)	6,166,977	—	6,166,977	7.7	%
The Vanguard Group (4)	6,126,552	—	6,126,552	7.6	%
Joseph M. Hogan	30,206	—	30,206	*	
John F. Morici	—	—	—	*	
Raphael S. Pascaud	20,328	5,400	25,728	*	
Zelko Relic	23,757	—	23,757	*	
Joseph Lacob (5)	519,755	25,000	544,755	*	
C. Raymond Larkin, Jr.	76,851	37,000	113,851	*	
George J. Morrow	46,400	5,000	51,400	*	
Thomas M. Prescott	151,381	5,000	156,381		
Andrea L. Saia	13,133	5,000	18,133	*	
Greg J. Santora	21,700	5,000	26,700	*	
Susan E. Siegel	—	814	814	*	
Warren S. Thaler (6)	130,984	5,000	135,984	*	
Emory Wright	75,737	5,025	80,762	*	
All current executive officers and directors as a group (21 persons)	1,161,407	105,425	1,266,832	1.6	%

\*Less than 1%

Except as otherwise set forth in the footnotes below, represents shares of common stock that can be acquired upon the exercise of stock options and vesting of restricted stock units on or before May 21, 2017. This column includes (1) the full amount of restricted stock units that will vest on or before May 21, 2017, although each executive officer will actually receive the number of shares that have vested net of the number of shares necessary to cover any applicable withholding taxes which Align will pay on their behalf.

Based on a filing with the Securities and Exchange Commission on Schedule 13G/A on February 9, 2017, (2) indicating beneficial ownership as of December 31, 2016. Includes shares held in trust for immediate family members and shares held by immediate family members. The mailing address for Gordon Gund is P.O. Box 449, Princeton, New Jersey 08542.

Based on a filing with the Securities and Exchange Commission on Schedule 13G/A on January 19, 2017, (3) indicating beneficial ownership as of December 31, 2016. Includes shares held by direct and indirect subsidiaries. The mailing address for BlackRock, Inc. is 55 East 52<sup>nd</sup> Street, New York, New York 10055.

Based on a filing with the Securities and Exchange Commission on Schedule 13G/A, on February 9, 2017, (4) indicating beneficial ownership as of December 31, 2016. Includes shares held by direct and indirect subsidiaries. The mailing address for The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

Includes 370,988 shares held by the Joseph S. Lacob Trust and 148,767 shares held by Lacob Children's Trust. (5) Principal address is 2750 Sand Hill Road, Menlo Park, CA 94025.

Includes 42,400 shares held by Mr. Thaler and 88,584 shares held by The Thaler Family Trust, for the benefit of (6) family members, as to which Mr. Thaler disclaims beneficial ownership.





**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms that we have received, or written representations from reporting persons, we believe that during the year ended December 31, 2016, all executive officers, directors and greater than 10% stockholders complied with all applicable filing requirements.

#### CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Review, approval or ratification of transactions with related persons

Our Board 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. The Code provides in writing, that Align discourages its employees from conducting company business with a relative or significant other, or with a business in which an employee, a relative or significant other is associated in any significant role (each a "Related Party"). If, however, such a Related Party transaction is unavoidable, the Code provides that all employees (other than the directors and officers of Align) must fully disclose the nature of the relationship and the transaction to their supervisor, and the Chief Financial Officer must approve in advance the Related Party transaction. If, however:

• you are a director or officer of Align and you desire to enter into a transaction with a Related Party (as defined above); or

- you are an employee (other than a director or officer) and you desire to enter into a transaction with a Related Party that the Chief Financial Officer (in consultation with legal counsel) has deemed to be material to Align and is reportable under the rules and regulations of the Exchange Act,
- the nature of the transaction must be fully disclosed to the Audit Committee of the Board and such interest must be approved by the Audit Committee. The Company did not participate in any related party transactions in 2016.

OTHER MATTERS

We know of no other matters to be submitted at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as the Board may recommend or, if the Board has not provided a recommendation, in accordance with their own judgment.

It is important that your shares be represented at the Annual Meeting, regardless of the number of shares that you hold. You are, therefore, urged to mark, sign, date, and return the accompanying proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose.

THE BOARD OF  
ALIGN TECHNOLOGY, INC.

April 7, 2017

## APPENDIX A

## Reconciliation Non-GAAP to GAAP page vi and 33 of the Proxy Statement

## Reconciliation of GAAP to Non-GAAP Profit from Operations

(in thousands)

	December 31, 2013	December 31, 2012
GAAP Profit from Operations	\$ 94,212	\$ 85,592
Acquisition and integration costs <sup>(1)</sup>	—	1,271
Severance and benefit costs <sup>(2)</sup>	—	780
Impairment of goodwill <sup>(3)</sup>	40,693	36,591
Impairment of long lived assets <sup>(4)</sup>	26,320	—
Non-GAAP Profit from Operations	\$ 161,225	\$ 124,234

## Reconciliation of GAAP to Non-GAAP Net Profit

(in thousands, except per share amounts)

	December 31, 2013	December 31, 2012
GAAP Net profit	\$64,295	\$ 58,691
Acquisition and integration costs <sup>(1)</sup>	—	1,271
Severance and benefit costs <sup>(2)</sup>	—	780
Impairment of goodwill <sup>(3)</sup>	40,693	36,591
Impairment of long lived assets <sup>(4)</sup>	26,320	—
Tax effect on non-GAAP adjustments <sup>(5)</sup>	(3,788)	(3,900)
Non-GAAP Net profit	\$127,520	\$ 93,433
GAAP net profit per diluted share	\$0.78	\$ 0.71
Non-GAAP net profit per diluted share	\$1.54	\$ 1.13
Shares used in computing diluted GAAP net profit per share	82,589	83,040
Shares used in computing diluted non-GAAP net profit per share	82,589	83,040

- Acquisition costs and integration related. We have incurred acquisition-related and other expenses which include legal, banker, accounting and other advisory fees of third parties, retention bonuses, integration and professional fees. We do not engage in acquisitions in the ordinary course of business. We believe that it is important to understand these charges; however, we do not believe that these charges are indicative of future operating results. We believe that eliminating these expenses from our non-GAAP measures is useful because we generally would not have otherwise incurred such expenses in the periods presented as part of our continuing operations.
- Severance and benefits costs. We have engaged in various restructuring and exit activities in 2011 and 2009 that have resulted in costs associated with severance and benefits. Such activity has been a discrete event based on a unique set of business objectives or circumstances, and each has differed from the others in terms of its operational implementation, business impact and scope. We do not engage in restructuring and/or exit activities in the ordinary course of business. We believe that it is important to understand these charges and, we believe that investors benefit from excluding these charges from our operating results to facilitate a more meaningful evaluation of current operating performance and comparisons to past operating performance.
- Impairment of goodwill. This charge represents non-cash write-downs of our goodwill. During the third quarter of 2012, we determined that there were sufficient indicators such as the termination of our distribution agreement with Straumann for iTero intra-oral scanners as well as the market conditions and business trends within our Scanners and Services ("Scanner") reporting unit for an impairment of goodwill. In the first quarter of 2013, changes in the competitive environment for intra-oral scanners, including announcements from our competitors of new low-priced scanners targeted at orthodontists and general practitioner dentists in North America, caused us to lower our expectations for growth and profitability for our Scanner reporting unit which resulted in the impairment of our remaining Scanner goodwill. We remove the impact of these charges to our operating performance to assist

in assessing our ability to generate cash from operations. We believe this may be useful information to users of our financial statements and therefore we have excluded these charges for purposes

A-1

---

of calculating these non-GAAP measures to facilitate an evaluation of our current operating performance, particularly in terms of liquidity.

(4) Impairment of long lived assets. This charge represents non-cash write downs of our long lived assets. In the first quarter of 2013, changes in the competitive environment for intra-oral scanners, including announcements from our competitors of new low-priced scanners targeted at orthodontists and general practitioner dentists in North America, caused us to lower our expectations for growth and profitability for our Scanner reporting unit which resulted in the impairment of our Scanner intangible assets for \$19.3 million and plant and equipment for \$7.0 million.

(5) Income tax-related adjustments. Non-GAAP financial information for the quarter is adjusted for a tax rate equal to our annual estimated tax rate on non-GAAP income. This rate is based on our estimated annual GAAP income tax rate forecast, adjusted to account for discrete tax items and items excluded from GAAP income in calculating the non-GAAP financial measures presented above. Our estimated tax rate on non-GAAP income is determined annually and may be re-calculated during the year to take into account events or trends that we believe materially impact the estimated annual rate.

Reconciliation of 2016 Adjusted Non-GAAP Profit from Operations used for Company Multiplier on page 33 of the Proxy Statement  
(in thousands)

GAAP Profit from Operations	\$248,921
Stock-based compensation	54,148
Adjusted Non-GAAP Profit from Operations for Company Multiplier	\$303,069

A-3

---



A-4