SIRONA DENTAL SYSTEMS, INC.
Form DEF 14A
January 27, 2010
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# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

# SIRONA DENTAL SYSTEMS, INC.

**(Name of Registrant as Specified in its Charter)**

**Not Applicable**

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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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):

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4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:

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¨ 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:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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January 27, 2010

Dear Stockholders:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Sirona Dental Systems, Inc. (the Company ), to be held on Thursday, February 25, 2010, beginning at 11:00 a.m. at the offices of Kirkland & Ellis LLP, 300 North LaSalle, Chicago, IL 60654.

Information about the meeting and the various matters on which the stockholders will vote is included in the Notice of Meeting and Proxy Statement which follow. Also included is a proxy card and postage-paid return envelope. Please sign, date and mail the enclosed proxy card in the return envelope provided, as promptly as possible, whether or not you plan to attend the meeting. A copy of the Company s 2009 Annual Report is also enclosed for your review.

I look forward to greeting you personally at the meeting.

Sincerely,

Jost Fischer

Chairman, President and Chief Executive Officer

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

February 25, 2010

**TO THE STOCKHOLDERS OF SIRONA DENTAL SYSTEMS, INC.:**

Notice is hereby given that the Annual Meeting of Stockholders of Sirona Dental Systems, Inc. (the Company ) will be held on Thursday, February 25, 2010, beginning at 11:00 a.m., at the offices of Kirkland & Ellis LLP, 300 North LaSalle, Chicago, IL 60654, for the following purposes:

1. To elect three (3) directors to serve for three-year terms or until their respective successors are elected and qualified;

2. To vote on ratifying the selection of KPMG AG, Wirtschaftsprüfungsgesellschaft, Frankfurt, Germany ( KPMG ) as the Company s independent auditor for the fiscal year ending September 30, 2010; and

3. To transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors recommends a FOR vote for each of proposals (1) and (2) above.

Only holders of record of Common Stock as of the close of business on January 5, 2010 are entitled to notice of and to vote at the meeting and any adjournments thereof.

If you attend the meeting in person, please proceed to the security desk at the front the building and be prepared to show at least one form of photo identification.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on February 25, 2010: The 2009 Proxy Statement and the Company s 2009 Annual Report are available at www.sirona.com.**

In accordance with Delaware law, a list of the holders of Common Stock entitled to vote at the 2009 Annual Meeting will be available for examination by any stockholder for any purpose germane to the Annual Meeting, during ordinary business hours, for at least 10 days prior to the Annual Meeting, at the offices of the Company, located at 30-30 47th Avenue, Suite 500, Long Island City, New York 11101.

**YOU ARE CORDIALLY INVITED TO ATTEND THE MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE, WHICH NEEDS NO POSTAGE IF MAILED IN THE UNITED STATES. IF YOU LATER DESIRE TO REVOKE YOUR PROXY, YOU MAY DO SO AT ANY TIME BEFORE IT IS EXERCISED.**

* * * *

By Order of the Board of Directors,

Jonathan Friedman
Secretary

Long Island City, New York

January 27, 2010

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**Sirona Dental Systems, Inc.**

**30-30 47th Avenue**

**Suite 500**

**Long Island City, New York 11101**

**(718) 482-2011**

**PROXY STATEMENT**

**FOR**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On February 25, 2010**

We are sending you our proxy materials in connection with the solicitation of the enclosed proxy by the Board of Directors of Sirona Dental Systems, Inc. (the Company ) for use at the 2009 Annual Meeting of Stockholders, and at any adjournments thereof.

**Attending the Annual Meeting**

The Annual Meeting will be held on February 25, 2010, at 11:00 a.m., at the offices of Kirkland & Ellis LLP, 300 North LaSalle, Chicago, IL 60654 to consider the matters set forth in the Notice of Annual Meeting of Stockholders. This Proxy Statement and the form of proxy enclosed are being mailed to stockholders with the Company s Annual Report to Stockholders commencing on or about January 27, 2010.

**Stockholders Entitled to Vote**

Only stockholders of record of the Common Stock, par value $0.01 per share, of the Company (the Common Stock ) at the close of business on January 5, 2010 will be entitled to vote at the Annual Meeting. As of that date, a total of 55,041,638 shares of Common Stock were outstanding (excluding 27,825 shares owned by the Company), each share (excluding shares owned by the Company) being entitled to one vote. Shares of Common Stock owned by the Company are not entitled to vote at the annual meeting. There is no cumulative voting.

**Quorum**

The presence, at the commencement of the Annual Meeting, in person or by proxy of the holders of a majority of the issued and outstanding shares of Common Stock of the Company will constitute a quorum for the transaction of business at the Annual Meeting. If, however, a quorum is not present or represented at the Annual Meeting, the stockholders entitled to vote thereat, present in person or by proxy, may adjourn the Annual Meeting, without notice other than announcement at the Annual Meeting, until a quorum shall be present or represented.

Shares owned by the Company are not voted and do not count for quorum purposes. In order to assure the presence of a quorum at the Annual Meeting, please vote your shares in accordance with the instructions described above, even if you plan to attend the Annual Meeting. Abstentions and broker non-votes are counted as present for purposes of establishing a quorum. A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

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**Street Name Holders and Record Holders**

If you own shares through a broker, the registered holder of those shares is the broker or its nominee. Such shares are often referred to as held in street name, and you, as the beneficial owner of those shares, do not appear in our stock register. For street name shares, there is a two-step process for distributing our proxy materials and tabulating votes. Brokers inform us how many of their clients own Common Stock in street name, and the broker forwards our proxy materials to those beneficial owners. If you receive our proxy materials, including a voting instruction card, from your broker, you should vote your shares by following the procedures specified on the voting instruction card. Shortly before the Annual Meeting, your broker will tabulate the votes it has received and submit a proxy card to us reflecting the aggregate votes of the street name holders. If you plan to attend the Annual Meeting and vote your street name shares in person, you should contact your broker to obtain a broker s proxy card and bring it to the Annual Meeting.

If you are the registered holder of shares, you are the record holder of those shares, and you should vote your shares as described below under How Record Holders Vote.

**How Record Holders Vote**

You can vote at the Annual Meeting in person or by proxy. We recommend that you vote by proxy even if you plan to attend the Annual Meeting. You can always attend the Annual Meeting and revoke your proxy by voting in person.

There are three ways to vote by proxy:

- By telephone You can vote by touch tone telephone by calling toll-free 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 from foreign countries and following the instructions on our proxy card;

- By Internet You can vote by Internet by going to the website www.voteproxy.com and following the instructions on our proxy card; or

- By mail You can vote by mail by completing, signing, dating and mailing our enclosed proxy card.

By giving us your proxy, you are authorizing the individuals named on our proxy card, the proxies, to vote your shares in the manner you indicate. You may (i) vote for the election of all of our director nominees, (ii) withhold authority to vote for all of our director nominees, or (iii) vote for the election of one or more of our director nominees and withhold authority to vote for the other nominee(s), by so indicating on the proxy card. You may vote FOR or AGAINST or ABSTAIN from voting on the ratification of the appointment of KPMG as the Company s independent auditor for fiscal year ending September 30, 2010.

If you vote by proxy without indicating your instructions, your shares will be voted FOR:

- The election of our three (3) director nominees; and

- The ratification of the appointment of KPMG as the Company s independent auditor.

**Revocation of Proxies**

A stockholder may revoke a proxy at any time prior to its exercise (i) by giving to the Company s Corporate Secretary a written notice of revocation of the proxy s authority, (ii) by submitting a duly elected proxy bearing a later date or (iii) by attending the Annual Meeting and voting in person.

**The Vote Necessary for Action to be Taken**

The nominees for director for three-year terms will be elected, provided that they receive the affirmative vote of a plurality of the shares present at the Annual Meeting, whether in person or by proxy. This means that, if

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a quorum is present, the three persons receiving the greatest number of votes will be elected to serve as directors. As a result, withholding authority to vote for a director nominee, or abstentions, and broker non-votes with respect to the election of directors will not affect the outcome of the election of directors.

The affirmative vote of a majority of the Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal is required to approve the ratification of the selection of our independent auditors. Abstentions will be treated as being present and entitled to vote on the matter and, therefore, will have the effect of votes against the proposal.

**Other Matters**

As of the date of this Proxy Statement, the Board of Directors of the Company does not know of any business that will be presented for consideration at the Annual Meeting other than the matters described in this Proxy Statement. If any other matters are properly brought before the Annual Meeting, the persons named in the enclosed form of proxy will vote the proxies in accordance with their best judgment.

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## PROPOSAL 1 ELECTION OF DIRECTORS

The Board of Directors of the Company is currently composed of ten members divided into three classes. The members of each class are elected to serve three-year terms with the term of office of each class ending in successive years. Simone Blank, Timothy D. Sheehan and Timothy P. Sullivan are the directors in the class whose term expires at the Annual Meeting. The Board of Directors has approved the nomination of Ms. Blank, Mr. Sheehan and Mr. Sullivan for re-election and the three nominees have indicated a willingness to serve. The members of the two other classes of directors will continue in office for their existing terms. Upon the expiration of the term of a class of directors, the nominees for such class will generally be elected for three-year terms at the annual meeting of stockholders held in the year in which such term expires. A plurality of the shares of Common Stock present and voting at the Annual Meeting is necessary to elect the nominees for director.

The persons named as proxies in the enclosed form of proxy will vote the proxies received by them for the election of Ms. Blank, Mr. Sheehan and Mr. Sullivan, unless otherwise directed. In the event that any of the nominees become unavailable for election at the Annual Meeting, the persons named as proxies in the enclosed form of proxy may vote for a substitute nominee in their discretion as recommended by the Board of Directors.

Information concerning the nominees and incumbent directors whose terms will continue after the Annual Meeting is set forth below.

| | |
|---|---|
| Nicholas W. Alexos<br><br>(Term expiring at 2011 Annual Meeting) | Age 46, has served as a Director since the exchange transaction (the Exchange[1] ). Mr. Alexos serves as Chairman of the Finance Committee and member of the Nominating Committee of our Board of Directors. Mr. Alexos currently serves as a Managing Director of Madison Dearborn Partners, LLC, a private equity investment firm based in Chicago that invests in management buyout and other private equity transactions across a broad spectrum of industries. Prior to co-founding Madison Dearborn Partners in 1993, Mr. Alexos was with First Chicago Venture Capital for four years. Previously, he was with The First National Bank of Chicago. Mr. Alexos concentrates on investments in the health care industry and, in addition to serving on the Board of Luxco Manager,[2] currently serves on the Boards of Directors of VWR International, Inc., Boys and Girls Clubs of Chicago and Children s Inner City Educational Fund. Mr. Alexos received a B.B.A. from Loyola University and an M.B.A. from the University of Chicago Graduate School of Business. Mr. Alexos is also a Certified Public Accountant. |
| David K. Beecken<br><br>(Term expiring at 2011 Annual Meeting) | Age 63, has served as a Director since the Exchange and has served as Chairman of the Audit Committee and as a member of the Nominating Committee of our Board of Directors. Mr. Beecken currently serves as a Partner of Beecken Petty O Keefe & Company, which is the General Partner of Beecken Petty O Keefe Fund II, an investment limited partnership focused exclusively on private equity investments in healthcare. Prior to co-founding Beecken Petty O Keefe in April 1996, Mr. Beecken was Senior Managing Director of ABN AMRO |

1 On June 20, 2006, the Company completed the Exchange as a result of which the Company acquired all of the issued and outstanding share capital of Sirona Holding GmbH ( Sirona ) and a promissory note issued by Sirona to Sirona Holdings Luxco S.C.A. ( Luxco ) in the original principal amount of 150,992,464, in exchange for 36,972,480 shares of the Company s Common Stock.

2 In this Proxy Statement, when we use the term Luxco Manager we are referring to Sirona Holdings S.A. which is the manager of Luxco. Please see Security Interests of Certain Beneficial Owners and Management for further information regarding Luxco Manager.

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| | Incorporated, a broker dealer, from February 1993 to March 1996. From 1989 to February 1993, Mr. Beecken was a Senior Vice President Managing Director of First National Bank of Chicago. Mr. Beecken also serves on the Boards of Directors of Scrip Products Corporation, Spryance, Inc., Reichert, Inc. and Haworth, Inc. Mr. Beecken received a B.A. from the University of the South, an M.Sc. from the London School of Economics and an M.B.A. from the University of Chicago. |
| Simone Blank<br><br>(Nominee for new term expiring at 2012 Annual Meeting) | Age 46, has served as our Executive Vice President and Chief Financial Officer and as a Director since the Exchange and, prior to that time, served as Executive Vice President and Chief Financial Officer of Sirona since July 1999. Prior to July 1999, Ms. Blank was an engagement manager in the merger and acquisition transaction group of PricewaterhouseCoopers after having gained extensive global financial experience as a certified public accountant and tax advisor. While working for PricewaterhouseCoopers, she was responsible for the financial due diligence team in the initial leveraged buy out of Sirona. Ms. Blank holds a Masters Degree in Economics from the University of Duisburg, Germany. |
| Jost Fischer<br><br>(Term expiring at 2011 Annual Meeting) | Age 55, has served as our Chairman, President and Chief Executive Officer and as a Director since the Exchange and, prior to that time, had served as President and Chief Executive Officer of Sirona since April 2002. From 1999 to 2001, Mr. Fischer was President and Chief Executive Officer of Hoermann Group ( Hoermann ), an international conglomerate in the telecommunication and automotive industry. Prior to joining Hoermann, he held two senior management positions with PWA (a European paper group), as Senior Vice President Strategy and as President and Chief Executive Officer of PWA s printing division from 1990 to 1994 before serving as President and Chief Executive Officer of PWA Dekor, the global market leader for decorative paper, from 1994 to 1997. From 1985 to 1990, Mr. Fischer was with Veka Group, where he led globalization of the private German building supplies producer. From 1982 to 1985, he served as Controller for two divisions of TRW Inc. Europe. Mr. Fischer holds a Masters Degree in Economics from the University of Saarbruecken, Germany. |
| William K. Hood<br><br>(Term expiring at 2010 Annual Meeting) | Age 86, has served as a Director since 2002. Prior to the Exchange, Mr. Hood served as Chairman of our Board of Directors between June 2004 and June 2006 and was Chairman of the Audit Committee of the Board of Directors from February 2002 until June 2006. Mr. Hood is currently a member of the Audit Committee of the Board of Directors. He also has served as a member of the Executive Compensation Committee since May 2002 and as a member of the Nominating Committee since August 2004. Mr. Hood has been retired since 1996. From 1989 to 1996, Mr. Hood served as a Consultant to Harlyn Products, Inc. and as a member of its Board of Directors. From 1983 to 1988, he was Senior Vice President of American Bakeries Company. From 1981 to 1983, Mr. Hood served as Dean of the Chapman University School of Business Management. From 1972 to 1980, he was President and Chief Executive Officer of Hunt Wesson Foods, Inc. Mr. Hood is a Trustee of Chapman University. |

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| Arthur D. Kowaloff<br><br>(Term expiring at 2011 Annual Meeting) | Age 62, has served as a Director since 2004. Mr. Kowaloff has been a member of the Audit Committee of our Board of Directors since October 2004. Since the Exchange he has served on the Finance Committee and Nominating Committee of our Board of Directors. From October 2004 until the Exchange he served on the Executive Compensation Committee of our Board of Directors, and was Chairman of the Special Litigation Committee from November 2004 until the Exchange. Mr. Kowaloff has been retired since 2003. From 1998 to 2003, Mr. Kowaloff served as a Managing Director of BNY Capital Markets, Inc. From 1991 to 1998, he was Chief Operating Officer and Senior Managing Director of Patricof & Company Capital Corporation. Prior to that, Mr. Kowaloff was an attorney at the New York City firm of Willkie Farr & Gallagher, where he served as Senior Partner and Executive Committee Member and specialized in corporate and securities law and mergers and acquisitions. Mr. Kowaloff is currently President and Director of the PBP Foundation of New York, a Director of the Orange County Capital Development Corporation and a member of the Board of Directors of the Orange County Regional Medical Center. Mr. Kowaloff received a B.A. from Carleton College and holds a Juris Doctor degree from Yale Law School. |
| Harry M. Jansen Kraemer, Jr.<br><br>(Term expiring at 2010 Annual Meeting) | Age 55, has served as a Director since the Exchange and is the Chairman of the Nominating Committee and member of the Executive Compensation Committee of our Board of Directors. Mr. Kraemer currently serves as an Executive Partner of Madison Dearborn Partners, LLC, a private equity investment firm based in Chicago that invests in management buyout and other private equity transactions across a broad spectrum of industries and serves as Clinical Professor of Management & Strategy at Northwestern University s Kellogg School of Management. Mr. Kraemer was the Chairman, President and Chief Executive Officer of Baxter International Inc. until April 2004. Mr. Kraemer had been a Director of Baxter International since 1995, Chairman of the Board since January 1, 2000, President since 1997 and Chief Executive Officer since January 1, 1999. Mr. Kraemer is active in business, education and civic affairs. He serves on the board of directors of Science Applications International Corporation (SAIC) and on the board of trustees of Lawrence University, Northwestern University, the Conference Board and NorthShore University HealthSystem. He is a member of the Dean s Advisory Board of Northwestern University s Kellogg School of Management, the Dean s Advisory Board of Johns Hopkins Bloomberg School of Public Health, and the Advisory Board of LEK Consulting. He is a member of the Commercial Club of Chicago, the Chicago Council on Global Affairs, the Executives Club of Chicago and the Economics Club of Chicago. He is a past member of the Business Roundtable, the Business Council and the Healthcare Leadership Council. Mr. Kraemer received a B.A. from Lawrence University and an M.B.A. from the Kellogg School of Management at Northwestern University and is a certified public accountant. |
| Timothy D. Sheehan<br><br>(Nominee for new term expiring at 2012 Annual Meeting) | Age 38, has served as a Director since the Exchange and is a member of the Nominating Committee of our Board of Directors. Mr. Sheehan currently serves as a Partner of Beecken Petty O Keefe & Company, which is the General Partner of Beecken Petty O Keefe Fund II, an |

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| | investment limited partnership focused exclusively on private equity investments in healthcare. From 1995 to 2007, Mr. Sheehan served as a Director at Madison Dearborn Partners, LLC, a private equity investment firm based in Chicago that invests in management buyout and other private equity transactions across a broad spectrum of industries. Prior to joining Madison Dearborn Partners in July 1995, Mr. Sheehan was with Salomon Brothers, Inc. from July 1993 to July 1995. Mr. Sheehan serves or has served on the Board of Directors of VWR International, Inc., Team Health Holdings, Valitás Health Services, and Path Lab Holdings. |
| Jeffrey T. Slovin<br><br>(Term expiring at 2010 Annual Meeting) | Age 45, has served as our Executive Vice President and Chief Operating Officer of U.S. Operations since the Exchange and, prior to that time, served as Chief Executive Officer of Schick Technologies, Inc. ( Schick ) since June 15, 2004 and as Schick s President since December 1999. He has also served as a Director since December 1999. In addition, from November 2001 to June 15, 2004, Mr. Slovin served as Schick s Chief Operating Officer. From 1999 to November 2001, Mr. Slovin was a Managing Director of Greystone & Co., Inc. From 1996 to 1999, he served in various executive capacities at Sommerset Investment Capital LLC, including Managing Director, and as President of Sommerset Realty Investment Corp. During 1995, Mr. Slovin was a Manager at Fidelity Investments Co. From 1991 to 1994, he was Chief Financial Officer of SportsLab U.S.A. Corp. and, from 1993 to 1994, was also President of Sports and Entertainment Inc. From 1987 to 1991, Mr. Slovin was an associate at Bear Stearns & Co., specializing in mergers and acquisitions and corporate finance. Mr. Slovin is currently a member of the Board of Fellows of the Harvard School of Dental Medicine, and a member of the Young President s Organization. Mr. Slovin holds an M.B.A. degree from Harvard Business School. |
| Timothy P. Sullivan<br><br>(Nominee for new term expiring at 2012 Annual Meeting) | Age 52, has served as a Director since the Exchange and is the Chairman of the Executive Compensation Committee and member of the Finance Committee and Nominating Committee of our Board of Directors. Mr. Sullivan currently serves as a Managing Director of Madison Dearborn Partners, LLC, a private equity investment firm based in Chicago that invests in management buyout and other private equity transactions across a broad spectrum of industries. Prior to co founding Madison Dearborn Partners in 1993, Mr. Sullivan was with First Chicago Venture Capital for three years after having served in the U.S. Navy. Mr. Sullivan concentrates on investments in the health care industry and, in addition to serving on the Board of Luxco Manager, currently serves on the Board of VWR International, Inc. In addition, he is on the Board of Trustees of Northwestern University, Northwestern Memorial Hospital, Stanford Business School Trust, Northlight Theatre and the Investment Committee of the Archdiocese of Chicago and Cristo Rey Jesuit High School. Mr. Sullivan received a B.S. from the United States Naval Academy, an M.S. from the University of Southern California and an M.B.A. from the Stanford University Graduate School of Business. |

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In addition to Mr. Fischer, Ms. Blank and Mr. Slovin, our executive officers include Mr. Theo Haar and Mr. Jonathan Friedman. Information concerning the business experience of Mr. Haar and Mr. Friedman follows.

| | |
|---|---|
| Theo Haar<br><br>(Executive Vice President) | Age 62, has served as an Executive Vice President since October 2007 and, prior to that time, served as Executive Vice President Human Resources and Services since July 1999. In May 1998, Mr. Haar joined Sirona as Human Resources Director after acquiring 31 years of experience in various Human Resources management functions, including with ITT for 17 years, and later with Porsche for 11 years. Since joining Sirona in 1998 he has taken a decisive role in completing the carve-out of our business from Siemens and in executing subsequent organizational restructurings. |
| Jonathan I. Friedman<br><br>(General Counsel and Secretary) | Age 39, has served as our General Counsel since September 2007, and was appointed Secretary in October 2007. From 2001 to 2007 Mr. Friedman was Chief Legal Officer and Secretary of National Medical Health Card Systems, Inc., a NASDAQ listed pharmacy benefit manager. In this role Mr. Friedman s primary focus was on corporate acquisitions and financings, general corporate transactions, Exchange Act reporting, corporate governance, intellectual property matters and regulatory compliance. Prior to his tenure at National Medical Health Card Systems, Inc., Mr. Friedman served as Vice President and Deputy General Counsel to a publicly traded company and was an associate at a major New York City law firm. In each of those roles, Mr. Friedman s emphasis was on public and private securities offerings, mergers and acquisitions, commercial transactions, technology licensing, regulatory compliance and securities law. Mr. Friedman holds a J.D. (graduating *cum laude*) from St. John s University School of Law, where he was also the Articles and Notes Editor of the Law Review. |

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF THE NOMINEES.**

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**Board Committees and Meetings**

During fiscal 2009, the Board of Directors held five meetings. All of the members of our Board attended the 2008 Annual Meeting of stockholders. The Company has no policy regarding director attendance at its Annual Meeting. The Board has determined that Messrs. Beecken, Hood, Kowaloff and Kraemer are independent directors, as such term is defined in Rule 5605(a)(2) of the NASDAQ Listing Rules. During the fiscal year ended September 30, 2009, the Company was a controlled company within the meaning of the NASDAQ Listing Rules, and was not required to have a majority of its Board comprised of independent directors. On December 16, 2009, the Company ceased to be a controlled company within the meaning of the NASDAQ listing rules and will be required to have a majority of the members of the Board comprised of independent directors by December 16, 2010. The following table provides membership information as of September 30, 2009 for the Audit, Executive Compensation and Nominating committees of our Board:

| Name | Audit | Compensation | Nominating |
|---|---|---|---|
| Nicholas W. Alexos | | | X |
| David K. Beecken | X* | | X |
| Simone Blank | | | |
| Jost Fischer | | | |
| William K. Hood | X | X | X |
| Arthur D. Kowaloff | X | | X |
| Harry M. Jansen Kraemer, Jr. | | X | X* |
| Timothy D. Sheehan | | | X |
| Jeffrey T. Slovin | | | |
| Timothy P. Sullivan | | X* | X |

* Committee Chairperson

Below is a description of the Audit, Executive Compensation and Nominating committees of our Board and information regarding committee meetings held in fiscal 2009.

*Audit Committee.* Our Audit Committee is currently composed of three directors, Messrs. Beecken (who serves as Chairman), Hood and Kowaloff, all of whom are independent directors as such term is defined in Rule 5605(a)(2) of the NASDAQ Listing Rules, and as required by the Audit Committee Charter. In addition, our Board has determined that each of Messrs. Hood and Kowaloff is an audit committee financial expert, as defined by the SEC.

The primary function of the Audit Committee is to serve as an independent and objective party to oversee our accounting and financial reporting processes and internal control system; to pre-approve all auditing and non-auditing services to be provided by our independent auditor; to review and oversee the audit efforts of our independent auditor; and to provide an open avenue of communication among the independent auditor, financial and senior management and our Board. The Audit Committee has responsibility and authority, among other matters, to review with our management any financial information filed with the SEC or disseminated to the public; to establish and maintain procedures for receiving and treating complaints regarding accounting, internal accounting controls and auditing matters, and for the confidential anonymous submission by employees of concerns regarding these matters; to appoint, determine funding for and oversee our independent auditor; to review, in consultation with the independent auditor and our accounting personnel, the integrity of our financial reporting processes; and to review in advance any proposed transaction between us and any related party. A copy of our Audit Committee Charter can be found on our corporate website at www.sirona.com. The Audit Committee met six times during the fiscal year ended September 30, 2009.

*Executive Compensation Committee.* The Executive Compensation Committee has oversight responsibility relating to the compensation of our executive officers and directors and the administration of awards under our

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2006 Equity Incentive Plan. During the fiscal year ended September 30, 2009, the Company was a controlled company within the meaning of the NASDAQ Listing Rules, and was not required to have an Executive Compensation Committee comprised solely of independent directors. On December 16, 2009, the Company ceased to be a controlled company within the meaning of the NASDAQ listing rules and will be required to have a majority of the members of the Executive Compensation Committee comprised of independent directors by March 16, 2010, and an Executive Compensation Committee comprised solely of independent directors by December 16, 2010. Our board has determined that Messrs. Hood and Kraemer are independent directors as such term is defined in Rule 5605(a)(2) of the NASDAQ Listing Rules and as a result the Executive Compensation Committee is comprised of a majority of independent directors. The Executive Compensation Committee met five times during the fiscal year ended September 30, 2009. A copy of our Executive Compensation Committee Charter can be found on our corporate website at www.sirona.com.

In October 2007, the Executive Compensation Committee retained compensation consultant Pearl Meyer & Partners ( PM&P ) to provide advice and recommendations with respect to the competitiveness of compensation of those persons that were named executive officers in fiscal 2007 (Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar) and to recommend changes to the Company s compensation program for 2008. The Executive Compensation Committee sought to develop a more unified compensation plan for the new combined company of Sirona and Schick. In addition, the Executive Compensation Committee sought to develop a compensation structure for Sirona s top executives that would be more typical of a public company. The Sirona executives were previously compensated under a private-equity model more typical of a private company where long-term equity incentive significantly outweighs short-term compensation such as base salary and annual bonuses. The Executive Compensation Committee did not include a competitive benchmark and review of the compensation of Mr. Friedman, our General Counsel and Corporate Secretary, in the scope of the consulting assignment since, at that time, he had recently become an executive officer of the Company. Based on its review of PM&P findings, the Executive Compensation Committee decided to modify certain of its executive compensation programs to be consistent and competitive with the peer group in fiscal 2008, as is described in Compensation of Executive Officers Compensation Discussion and Analysis below.

Further, in May 2008, the Executive Compensation Committee retained PM&P to provide advice and recommendations with respect to competitive benchmarking of our non-employee director compensation system within our peer group and with respect to specific compensation decisions concerning our non-employee directors. The Executive Compensation Committee met privately with PM&P and directed it to perform competitive benchmarking of the compensation of our non-employee directors against a peer group of public companies and to make specific recommendations about elements of non-employee director compensation including annual fees and retainers, committee membership fees, committee chair fees and meeting fees. Based on its review of PM&P findings, the Executive Compensation Committee decided to modify its compensation of non-employee directors to be consistent and competitive with the peer group beginning in fiscal 2009, as is described in Other Information for the Annual Meeting of Sirona Dental Systems, Inc. s Stockholders Compensation of Directors below.

In fiscal 2008 our chief executive officer and our chief financial officer were invited to several meetings of the Executive Compensation Committee to see presentations made by PM&P and to discuss and make recommendations regarding the Company s compensation practices. The Executive Compensation Committee is authorized to decide whether or not to accept, reject or modify any of our management s proposals regarding compensation. The Executive Compensation Committee, working with PM&P, made the final determination of the composition of the peer group, after reviewing a recommendation from the Company s management. The Executive Compensation Committee, after review and consideration of PM&P s recommendations, made all determinations of the form and amount of executive and non-employee director compensation. The finance and human resources departments of the Company provided calculations used in determining whether bonus targets had been met, which calculations were reviewed and approved by the Executive Compensation Committee.

*Compensation Committee Interlocks and Insider Participation.* None of the members of the Executive Compensation Committee is an officer or employee, or former officer or employee, of our Company or any of

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our subsidiaries. No interlocking relationship existed during the fiscal year ended September 30, 2009 between the members of our Board of Directors or Executive Compensation Committee and the board of directors or compensation committee of any other company, nor had any other compensation committee interlocks existed in the past.

*Nominating Committee.* The Nominating Committee was established by resolution of our Board on August 3, 2004. The function of the Nominating Committee is to establish criteria for selecting candidates for nomination to our Board, actively seek candidates who meet those criteria, and to recommend nominees to our Board. The Nominating Committee will consider director candidates who have relevant business experience, are accomplished in their respective fields and who possess the skills and expertise to make a significant contribution to our Board, us and our stockholders. Director nominees should have relevant business or other experience, knowledge about issues affecting us and the ability and willingness to apply sound and independent business judgment. During the fiscal year ended September 30, 2009, the Company was a controlled company within the meaning of the NASDAQ Listing Rules, and was not required to have a Nominating Committee comprised solely of independent directors. On December 16, 2009, the Company ceased to be a controlled company within the meaning of the NASDAQ listing rules and will be required to have a majority of the members of the Nominating Committee comprised of independent directors by March 16, 2010, and a Nominating Committee comprised solely of independent directors by December 16, 2010. Our board has determined that Messrs. Beecken, Hood, Kowaloff and Kraemer are independent directors as such term is defined in Rule 5605(a)(2) of the NASDAQ Listing Rules and as a result the Nominating Committee is comprised of a majority of independent directors. The Nominating Committee will consider nominees for election or appointment to our Board that are recommended by stockholders, provided that a complete description of the nominees qualifications, experience and background, together with a statement signed by each nominee in which he or she consents to act as such, accompanies the recommendations. Such recommendations should be submitted in writing to the attention of the Nominating Committee, c/o Corporate Secretary, Sirona Dental Systems, Inc., 30-30 47th Avenue, Suite 500 Long Island City, NY 11101 and should not include self-nominations. A copy of our Nominating Committee Charter can be found on our corporate website at www.sirona.com. The Nominating Committee did not meet in the fiscal year ended September 30, 2009.

*Attendance at Board and Committee Meetings.* Each of our directors attended all meetings of the Board and all meetings held by all committees of the Board on which such director served during the fiscal year.

**Code of Ethics**

On June 2, 2004, by resolution of our Board, we adopted a code of ethics governing the conduct of our personnel, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the current code of ethics is available on our website at www.sirona.com. In addition, a free copy of the code may be obtained by stockholders upon request by contacting Jonathan Friedman, General Counsel of the Company, at (718) 482 2011.

In the event that any amendment is made to the code of ethics, and such amendment is applicable to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, we shall disclose the nature of any such amendment on our website within four business days following the date of the amendment. In the event that we grant a waiver, including an implicit waiver, from a provision of the code of ethics, to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, we shall disclose the nature of any such waiver, including the name of the person to whom the waiver is granted and the date of such waiver, on our website within four business days following the date of the waiver. Our website address is www.sirona.com.

**Stockholder Communications with the Board of Directors**

Historically, we have not adopted a formal process for stockholder communications with our Board. Nevertheless, every effort has been made to ensure that the views of stockholders are heard by our Board or

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individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner. We believe our responsiveness to stockholder communications to our Board has been excellent, and to date, we have not considered it necessary to adopt a formal process. Nevertheless, during the upcoming year the Board will continue to monitor whether it would be appropriate to adopt a formal process for stockholder communications with the Board.

**Report of the Audit Committee of the Board of Directors**

In executing its responsibilities, the Audit Committee has reviewed and discussed our audited financial statements with our management. The Audit Committee has also discussed with the Company s independent auditor the overall scope and plans for their audits of the Company. Furthermore, the Audit Committee has discussed with our independent auditor the matters required to be discussed by SAS 61, as amended. In addition, the Audit Committee has received written disclosures and a letter from our independent auditor delineating all relationships between them and us, consistent with the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor s communications with the Audit Committee concerning independence, and has discussed with them matters pertaining to their independence. The Audit Committee also considered whether the additional services unrelated to audit services performed by KPMG during the fiscal year ended September 30, 2009 were compatible with maintaining their independence in performing their audit services. In addition, the Audit Committee met with the independent auditor, with and without management present, to discuss the results of their examinations, their evaluations of the Company s internal controls, and the overall quality of the Company s financial reporting.

Based upon the reviews and discussions referred to above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009 for filing with the SEC. The Audit Committee and Board of Directors have also recommended the selection of KPMG as our independent auditor for the fiscal year ending September 30, 2010.

From the members of the Audit Committee of Sirona Dental Systems, Inc.:

David K. Beecken, Chairman

William K. Hood

Arthur D. Kowaloff

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## PROPOSAL 2 RATIFICATION OF THE SELECTION OF INDEPENDENT AUDITOR

The Audit Committee of our Board has selected KPMG as independent auditor for the fiscal year ending September 30, 2010 and has further directed that management submit the selection of independent auditor for ratification by the stockholders at the Annual Meeting. A proposal to ratify the appointment of KPMG will be presented at the Annual Meeting. Representatives of KPMG are expected to be present at the Annual Meeting, and will have an opportunity to make a statement if they desire to do so and will be available to answer questions from stockholders. KPMG was the Company s independent auditor during the fiscal year ended September 30, 2009.

Neither our By-laws nor other governing documents or law require stockholder ratification of the selection of KPMG as our independent auditor. However, the Board of Directors is submitting the selection of KPMG to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditor at any time during the year if it determines that such a change would be in the best interests of us and our stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the selection of KPMG.

### AUDIT FEES

The aggregate fees billed for professional services rendered for the Company by KPMG, the Company s independent auditor, for the years ended September 30, 2009 and 2008 were:

| | 2009 | 2008 |
|---|---|---|
| | (in thousands) | |
| Audit Fees | $ 1,500.1 | $ 1,695.3 |
| Audit-Related Fees | 194.3 | 48.3 |
| Tax Fees | | 11.8 |
| All Other Fees | | |
| Total Fees | $ 1,694.4 | $ 1,755.4 |

Audit Fees include time billed to the Company for professional services and expenses relating to the audit and review of the financial statements of the respective years. For the fiscal years ended September 30, 2009 and September 30, 2008, audit fees included fees for professional services and expenses relating to the reviews of our quarterly financial statements for the quarters ended December 31, 2007 through June 30, 2009 on Form 10-Q and the audit of our annual financial statements and our Annual Report on Form 10-K for each of fiscal year 2009 and 2008.

Audit-Related Fees include fees billed to the Company in the respective fiscal year for professional services and expenses related to reviews of proxy, Form 8-K, Form S-8 and Form S-3 filings with the U.S. Securities and Exchange Commission.

Tax Fees include time billed to the Company for professional services and expenses principally related to tax planning, tax consulting and tax compliance.

All fees were billed in Euro. Total fees billed amounted to 1,155.4 and 1,224.1 (in thousands) in fiscal 2009 and fiscal 2008, respectively (or $1,694.4 and $1,755.4, in thousands, using an exchange rate of 1.4662 and 1.4340 in fiscal 2009 and 2008, respectively).

No other professional services were rendered or fees were billed by KPMG for the years ended September 30, 2009 and 2008.

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**Pre-Approval Policies and Procedures**

The Audit Committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by our independent auditor KPMG. The policy generally pre-approves specified services in the defined categories of audit services, audit-related services and tax services up to specified amounts. Pre-approval may also be given as part of our Audit Committee s approval of the scope of the engagement of the independent auditor or on an individual explicit case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services may be delegated to one or more of our Audit Committee members, but the decision must be reported to the full Audit Committee at its next scheduled meeting. All audit-related and tax services for fiscal 2009 and 2008 were pre-approved by the Audit Committee.

The Audit Committee has determined that the rendering of the services, other than the audit services, by KPMG, is compatible with maintaining the principal accountant s independence.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF PROPOSAL 2.**

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**OTHER INFORMATION FOR THE ANNUAL MEETING OF**

**SIRONA DENTAL SYSTEMS, INC. S STOCKHOLDERS**

**Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth, as of January 5, 2010, certain information regarding the ownership of the Common Stock of the Company by (1) each of our executive officers and directors; (2) all of our executive officers and directors as a group; and (3) persons who are beneficial owners of more than five percent of our Common Stock:

| Name | Number of Shares Beneficially Owned[1] | Percentage of Outstanding Shares |
|---|---|---|
| Sirona Holdings Luxco S.C.A.[2] | 21,247,480 | 38.6% |
| Neuberger Berman Group LLC[3] | 3,579,848 | 6.5% |
| Jost Fischer[4][5] | 50,000 | * |
| Jeffrey T. Slovin[6] | 807,384 | 1.5% |
| Simone Blank[5][7] | 37,500 | * |
| Theo Haar[5] | | |
| Jonathan Friedman[8] | 20,000 | * |
| Nicholas W. Alexos[9] | 21,247,480 | 38.6% |
| David K. Beecken[10] | 30,000 | * |
| William K. Hood[11] | 94,033 | * |
| Arthur D. Kowaloff[12] | 30,000 | * |
| Harry M. Jansen Kraemer, Jr.[13] | 30,000 | * |
| Timothy D. Sheehan[10] | | |
| Timothy P. Sullivan[9] | 21,247,480 | 38.6% |
| All current executive officers and directors as a group (12 persons)[14] | 22,346,397 | 40.1% |

* Less than 1%

(1) Beneficial ownership is determined in accordance with rules of the SEC and includes voting power and/or investment power with respect to securities. Shares of Common Stock subject to options currently exercisable or exercisable within 60 days of January 5, 2010 are deemed outstanding for computing the number and the percentage of outstanding shares beneficially owned by the person holding such options but are not deemed outstanding for computing the percentage beneficially owned by any other person.

(2) The offices of Luxco are located at 412F route d Esch, L-1030 Luxembourg. On June 30, 2005, Luxco obtained control over the Sirona business. The transaction was effected by using new legal entities, Sirona Holding GmbH and its wholly owned subsidiary Sirona Dental Services GmbH, to acquire 100% of the interest in Sirona Dental Systems Beteiligungs- und Verwaltungs GmbH, the former parent of the Sirona business, through a leveraged buy-out transaction. Sirona Holdings S.A. is the sole manager of Luxco and may therefore be deemed the beneficial owner of the shares, and its offices are located at 412F route d Esch, L-1030 Luxembourg. MDCP Global Aggregator, L.P. is the controlling shareholder of Sirona Holdings S.A. and may therefore be deemed the beneficial owner of the shares, and its offices are located at c/o Walkers SPV Limited, Walker House, P.O. Box 908GT, Mary Street, George Town, Grand Cayman, Cayman Islands. MDP Global Investors Limited is the sole general partner of MDP Global Aggregator, L.P. and therefore may be deemed the beneficial owner of the shares, and its offices are located at c/o Walkers SPV Limited, Walker House, P.O. Box 908GT, Mary Street, George Town, Grand Cayman, Cayman Islands. A majority of the following members of MDP Global Investors Limited have the authority to vote or dispose of the shares held by MDCP IV Global Investments LP: John A. Canning, Jr., Paul J. Finnegan, Samuel M. Mencoff, Paul R. Wood, Justin S. Huscher, James N. Perry, Jr., Thomas R. Reusche, Cynthia Reusche, Timothy P. Sullivan, Nicholas W. Alexos, Robin P. Selati, Gary J. Little GST Exempt Marital Trust, David F. Mosher and Thomas Souleles. Each of the members of MDP Global Investors Limited and MDP Global Investors Limited disclaims beneficial ownership of such shares except to the extent of their respective pecuniary interest therein. The address for each of the members of MDP Global Investors Limited is c/o Madison Dearborn Partners, LLC, Three First National Plaza, Suite 4600, Chicago, Illinois 60602.

(3) According to a Schedule 13G filed with the SEC on June 11, 2009 by Neuberger Berman Group LLC ( NBG ) on behalf of itself and its direct and indirect affiliates, including, Neuberger Berman Holdings

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LLC (formerly known as Neuberger Berman Inc.) ( NBH ), Neuberger Berman LLC ( NB ), Neuberger Berman Management LLC ( NBM ) and Neuberger Berman Equity Funds ( NBEF ), as of May 31, 2009, NBG, through its direct and indirect subsidiary NBH, controlled NB and certain affiliated persons and may be deemed to own beneficially 3,579,848 shares of Common Stock while NB and NBM may be deemed to own beneficially 3,579,848 shares of Common Stock and 3,074,226 shares of Common Stock and NBEF may be deemed to own 2,945,826 shares of Common Stock. The address for NBG, NB, NBM and NBEF is 605 Third Avenue, New York, New York 10518.

(4) Includes 50,000 shares issuable upon the exercise of options granted to Mr. Fischer.

(5) Although Mr. Fischer, Ms. Blank and Mr. Haar do not have voting or dispositive power over the securities held by Luxco, each owns securities of Luxco with varying rights to participate in distributions by Luxco. Although these securities do not directly translate to an indirect percentage ownership interest of the Company, Luxco estimates that Mr. Fischer, Ms. Blank and Mr. Haar, would be entitled to approximately 9.3%, 6.2%, 1.5%, respectively, of the distributions of Luxco that would be received in a 100% sale of Luxco based upon the estimated value of the investment as of December 31, 2009.

(6) Includes 443,285 shares issuable upon the exercise of options granted to Mr. Slovin.

(7) Includes 37,500 shares issuable upon the exercise of options granted to Ms. Blank.

(8) Includes 17,000 shares purchased on the open market by Mr. Friedman and 3,000 shares issuable upon the exercise of options granted to Mr. Friedman.

(9) Each of Messrs. Sullivan and Alexos, as members of MDP Global Investors Limited, may be deemed to share beneficial ownership of the securities held by Sirona Holdings, by Luxco. See note (2) above. Messrs. Sullivan and Alexos disclaim beneficial ownership of such shares except to the extent of their respective pecuniary interest therein.

(10) Includes 15,000 shares issuable upon the exercise of stock options granted to Mr. Beecken pursuant to the Schick Technologies, Inc. 1997 Stock Option Plan for Non-Employee Directors (the 1997 Director Stock Option Plan ) and 15,000 shares issuable upon the exercise of stock options granted to Mr. Beecken pursuant to the Company s 2006 Plan. In addition, David Beecken is a Partner in Beecken Petty O Keefe & Company. Although neither Mr. Beecken nor Beecken Petty O Keefe & Company have voting or dispositive power with respect to the securities held by Luxco, they do have an indirect ownership interest in securities of Luxco. Although these securities do not directly translate to an indirect percentage ownership interest of the Company, Luxco estimates that Mr. Beecken and Beecken Petty O Keefe & Company would be entitled to approximately 0.3% and 6.2%, respectively, of distributions of Luxco based upon the assumed value of the investment on December 31, 2009. Mr. Sheehan is a Partner in Beecken Petty O Keefe & Company and his address is c/o Beecken Petty O Keefe & Company, 131 South Dearborn Street, Suite 2800, Chicago, IL 60603.

(11) Includes 15,000 shares issuable upon the exercise of stock options granted to Mr. Hood pursuant to the Company s 1997 Director Stock Option Plan and 15,000 shares issuable upon the exercise of stock options granted to Mr. Hood under the Company s 2006 Plan.

(12) Consists of 15,000 shares issuable upon the exercise of stock options granted to Mr. Kowaloff pursuant to the Company s 1997 Director Stock Option Plan and 15,000 shares issuable upon the exercise of stock options granted to Mr. Kowaloff pursuant to the Company s 2006 Plan.

(13) Includes 15,000 shares issuable upon the exercise of stock options granted to Mr. Kraemer pursuant to the Company s 1997 Director Stock Option Plan and 15,000 shares issuable upon the exercise of stock options granted to Mr. Kraemer under the Company s 2006 Plan. In addition, although Mr. Kraemer does not have voting or dispositive power with respect to the securities held by Luxco, he does have an indirect ownership interest in securities of Luxco. Although these securities do not directly translate to an indirect percentage ownership interest of the Company, Luxco estimates that Mr. Kraemer would be entitled to approximately 0.5% of distributions of Luxco based upon the assumed value of the investment as of December 31, 2009.

(14) Includes 653,785 shares issuable upon exercise of options held by current executive officers and directors.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act, requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our Common Stock and other of our equity securities. Specific due dates for these reports have been established, and we are required to disclose any failure to file by these dates during fiscal 2009. Our officers, directors and greater than 10% stockholders are required by the SEC regulations to furnish us with copies of all Section 16(a) forms they file.

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To our knowledge, based solely on a review of the copies of such reports furnished to us and representations that no other reports were required, during the fiscal year ended September 30, 2009, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with except for the inadvertent failure to report the exchange of options held by Mr. Friedman on January 21, 2009 in connection with the Company s fair value option exchange program under the 2006 Plan which was reported on a Form 5 filed on November 16, 2009.

**Equity Compensation Plan Information**

The following table sets forth the following information, as of September 30, 2009, with respect to compensation plans (including individual compensation arrangements) under which equity securities of the Company are authorized for issuance: the number of securities to be issued upon the exercise of outstanding options, warrants and rights; the weighted-average exercise price of such options, warrants and rights; and, other than the securities to be issues upon the exercise of such options, warrants and rights, the number of securities remaining available for future issuance under the plan:

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| Equity compensation plans approved by security holders | 3,553,058 | $ 13.77 | 1,827,365 |
| Equity compensation plans not approved by security holders | | | |
| Total | 3,353,058 | $ 13.77 | 1,827,365 |

On December 12, 2008, we announced a fair value option exchange program under the 2006 Plan. The Company made a tender offer for eligible options under the 2006 Plan beginning on December 18, 2008 and expiring at 11:59 p.m. EDT on January 21, 2009. As a result of the tender offer, options to purchase 1,000,500 shares of our Common Stock under the 2006 Plan were surrendered and exchanged for options to purchase 421,428 shares of our Common Stock under the 2006 Plan at an exercise price of $11.73 per share.

A second tender offer for eligible options under the 1996 Plan expired at 11:59 p.m. EDT on March 30, 2009. As a result of the second tender offer, options to purchase 1,619,750 shares of our Common Stock under the 1996 Plan at an exercise price of $25.10 were surrendered in exchange for 988,325 shares issued under the 2006 Plan at an exercise price of $14.09.

The Company also made an annual grant of restricted stock units ( RSUs ) under the 2006 Plan of 188,000 RSUs, net of forfeitures, since September 30, 2009.

**Compensation of Directors**

In May 2008, the Executive Compensation Committee retained compensation consultant PM&P to provide advice and recommendations with respect to competitive benchmarking of our compensation system within our Peer Group (as defined in Compensation Discussion and Analysis below) and with respect to specific compensation decisions concerning our non-employee directors. After review of the competitive benchmarking within the Peer Group, in October 2008, the Executive Compensation Committee implemented, beginning in fiscal 2009, changes to the compensation structure of our non-employee directors designated by our Board as outside directors ( Outside Directors ). As a result of these changes, each Outside Director was paid an annual retainer of $35,000. In addition to the foregoing payments, each Outside Director who served as a member of the Audit Committee and/or the Executive Compensation Committee was paid an annual retainer of $5,000 for each of these committees of which he was a member and the Chairman of the Audit Committee, provided that he was

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an Outside Director, received an additional annual retainer of $10,000. No additional payments are made for attendance at any meetings of the Board or any of its committees. However, with respect to the October 2008 meetings of the Board and the Executive Compensation Committee where the changes to the director compensation structure were adopted, Outside Directors were paid $1,000 for attendance at the Board meeting and $1,000 for attendance at the Executive Compensation Committee meeting pursuant to the terms of the prior director compensation system. The Board designated as Outside Directors Messrs. Beecken, Hood, Kowaloff and Kraemer. Directors who are also our paid employees are not separately compensated for any services they provide as directors.

On May 7, 2009, each Outside Director received an award of 30,000 options to purchase shares of Common Stock pursuant to the Company s 2006 Plan. In fiscal 2008, Outside Directors were awarded 15,000 options to purchase shares of Common Stock pursuant to the Company s 2006 Plan. The increase in the stock option award to Outside Directors in fiscal 2009 was due to fluctuations in the value of the award pursuant to ASC Topic 718 and the fact the Outside Directors were unable to participate in the value-for-value exchange of stock options. The Options vest as follows: 10,000 options vest on May 7, 2010; an additional 10,000 options vest on May 7, 2011; and the final 10,000 options vest on May 7, 2012. The exercise price for the options was $19.94, which represented the fair market value of the Company s Common Stock on May 7, 2009.

The compensation earned by our non-employee directors for the fiscal year ended September 30, 2009 is summarized as follows:

| Name | Fees Earned or Paid in Cash ($) | Stock Awards ($) | Option Awards ($)[1] | Non-Equity Incentive Plan Compensation ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Nicholas W. Alexos | | | | | | | |
| David K. Beecken | $ 51,000 | | $ 209,831 | | | | $ 265,831 |
| William K. Hood | 47,000 | | 209,831 | | | | 260,581 |
| Arthur D. Kowaloff | 41,000 | | 209,831 | | | | 254,581 |
| Harry M. Jansen Kraemer, Jr. | 42,000 | | 209,831 | | | | 254,331 |
| Timothy D. Sheehan | | | | | | | |
| Timothy P. Sullivan | | | | | | | |

(1) These amounts reflect the expense recognized for financial statement reporting purposes for the fiscal year ended September 30, 2009, in accordance with FASB ASC Topic 718, Compensation-Stock Compensation, for stock options granted under the Company s 2006 Plan and the Company s 1997 Director Stock Option Plan. The amounts have been adjusted to eliminate service-based forfeiture assumptions used for financial reporting purposes. The other assumptions used in calculating these amounts are set forth in Note 4, Employee Share-Based Compensation, to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2009. The grant date fair value of options awarded to each non-employee director on May 7, 2009 calculated in accordance with FASB ASC Topic 718, Compensation-Stock Compensation is $151,330. As of September 30, 2009, the number of stock options held by each non-employee director and the vesting of such options is as follows:

| Name | Vested Stock Options | Unvested Stock Options | Total |
|---|---|---|---|
| Nicholas W. Alexos | | | |
| David K. Beecken | 30,000 | 45,000 | 75,000 |
| William K. Hood | 30,000 | 45,000 | 75,000 |
| Arthur D. Kowaloff | 60,000 | 45,000 | 105,000 |
| Harry M. Jansen Kraemer, Jr. | 30,000 | 45,000 | 75,000 |
| Timothy D. Sheehan | | | |
| Timothy P. Sullivan | | | |

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**Compensation of Executive Officers**

*Compensation Discussion and Analysis*

*Compensation Philosophy:* We do business in a competitive and dynamic industry. Our continued success in such an environment depends, in part, on our ability to attract and retain talented senior executives. We must provide executives with long- and short-term incentives to maximize corporate performance, and reward successful efforts to do so. As a result, the Executive Compensation Committee s compensation policies are designed to:

(i) Provide a competitive level of compensation to attract and retain talented management;

(ii) Reward senior executives for corporate performance;

(iii) Align the interests of senior executives with our stockholders in order to maximize stockholder value;

(iv) Motivate executive officers to achieve our business objectives; and

(v) Reward individual performance.

To achieve these compensation objectives, the Executive Compensation Committee has developed compensation packages for senior executive officers generally consisting of base salary and non-equity bonus arrangements tied to performance measures and, for certain of our executive officers, stock options, restricted shares or restricted stock units.

In October 2007, the Executive Compensation Committee retained compensation consultant PM&P to provide advice and recommendations with respect to the competitiveness of compensation of those persons that were named executive officers in fiscal 2007 (Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar) and to recommend changes to the Company s compensation program for 2008. The Executive Compensation Committee sought to develop a more unified compensation plan for the new combined company of Sirona and Schick. In addition, the Executive Compensation Committee sought to develop a compensation structure for Sirona s top executives that would be more typical of a public company. The Sirona executives were previously compensated under a private-equity model more typical of a private company where long-term equity incentive significantly outweighs short-term compensation such as base salary and annual bonuses. The Executive Compensation Committee did not include a competitive benchmark and review of the compensation of Mr. Friedman, our General Counsel and Corporate Secretary, in the scope of the consulting assignment since, at that time, he had recently become an executive officer of the Company. His compensation continues to be determined by the Company s chief executive officer as set forth in the employment offer letter between the Company and Mr. Friedman, subject to approval of the Executive Compensation Committee. See Employment Agreements.

As part of the consulting assignment, PM&P selected a peer group of 12 public companies in the U.S. and Europe within the medical devices industry (the Peer Group ). The compensation of our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer of U.S. Operations and our Executive Vice President were compared to the top four positions of each of the companies in the Peer Group. Then PM&P examined base salary, annual incentive compensation, average annual income over a two-year period, total annual cash compensation, long-term incentive compensation and total direct compensation for each of the positions. The Peer Group consists of the following companies:

| | | |
|---|---|---|
| Advanced Medical Optics, Inc. | Hologic, Inc. | ResMed Inc. |
| Conmed Corporation | IDEXX Laboratories Inc. | Respironics, Inc. |
| DENTSPLY International Inc. | Integra Lifesciences Holdings Corp. | STERIS Corporation |
| Edwards Lifesciences Corporation | Noble Biocare | Straumann Holding AG |

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Based on its review of PM&P findings, the Executive Compensation Committee decided to modify certain of its compensation programs to be consistent and competitive with the Peer Group in fiscal 2008 and these changes continue to be reflected in the executive compensation practices of the Company for fiscal 2009.

First, the Executive Compensation Committee determined that total direct compensation, which is annual base salary, annual bonus and long-term incentive compensation, should approach the median of the Peer Group. Executives in the Peer Group tend to derive a higher level of their total direct compensation from long-term incentive compensation. The Executive Compensation Committee believed that Mr. Fischer, Ms. Blank and Mr. Haar were incentivized with respect to the long-term growth of the Company as a result of their direct and indirect equity interests in Luxco (and indirect economic interest in the Company), and, in comparison to the Peer Group, were over-weighted in terms of long term incentives. The Luxco equity held by these executives became fully vested during fiscal 2009. As compared to the Peer Group, the Executive Compensation Committee believed that Mr. Slovin was over-weighted in terms of long-term equity compensation as a result of the option grant made to him in connection with the Exchange. This option award was scheduled to be fully vested in fiscal 2010. In fiscal 2009, Mr. Slovin exchanged the options granted to him in connection with the Exchange in the Company s value-for-value option exchange program and, as a result, the options received in the value-for-value exchange program will be fully vested in fiscal 2011. Prior to fiscal 2009, the Executive Compensation Committee had not granted a long-term incentive award to these executives since the closing of the Exchange because of Mr. Fischer s, Ms. Blank s and Mr. Haar s interest in Luxco (and indirect economic interest in the Company thereby) and Mr. Slovin s option grant made in connection with the Exchange. As compared to the Peer Group, Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar were under-weighted in annual base salary and bonus compensation. The Executive Compensation Committee therefore determined that on a going forward basis it was in the best interests of the Company to emphasize short-term pay components tied to the Company s annual financial performance and began granting long-term equity incentive awards in fiscal 2009 that coincide with completion of vesting of the indirect economic interests of Mr. Fischer, Ms. Blank and Mr. Haar in the Company and the near-completion of vesting of the options held by Mr. Slovin. The Executive Compensation Committee believes this will transition the Company s compensation system for senior executives from the private-equity model to a public company model that is compatible with and consistent with the Peer Group.

Specifically, the Executive Compensation Committee decided to increase base salaries so as to target the 60th percentile of the Peer Group (based on PMP s fiscal 2008 findings). The Executive Compensation Committee believes that above median positioning was justified because the Executive Compensation Committee believes that the Company has greater product complexity and a broader geographic reach and because the Executive Compensation Committee has set higher growth targets for the Company as compared to the Peer Group. The Executive Compensation Committee decided to target cash bonuses at the 70th percentile of the Peer Group (based on PMP s fiscal 2008 findings) to put more opportunity and reward into short-term incentive pay that is tied to the Company s fiscal year performance. The Executive Compensation Committee also believes that the Company s higher growth targets justified target bonus payments at the 70th percentile (based on PMP s fiscal 2008 findings). Finally, the Executive Compensation Committee determined to target long-term incentive compensation at the median of the Peer Group, with grants beginning in fiscal 2009. Because long-term incentive compensation contributes a significant percentage of the total direct compensation of the Peer Group, the effect of targeting long-term incentive compensation of Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar at the Peer Group median (along with the short-term pay targets discussed above) results in their total direct compensation approximating the median of the Peer Group.

The Executive Compensation Committee may review compensation components against the Peer Group on a periodic basis, though this review may not be conducted annually. The Peer Group may be reviewed and revised periodically as the Executive Compensation Committee deems appropriate. The Executive Compensation Committee plans on considering cost of living increases for base salary, consistent with past practice. As discussed below, the Executive Compensation Committee decided to simplify the financial measures of the executive cash bonus plan for fiscal 2009.

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*Short-term Pay Base Salaries.*

In March 2008, the Executive Compensation Committee targeted base salaries of Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar at the 60th percentile of the Peer Group (based on PMP s fiscal 2008 findings). Above median compensation was warranted because the Executive Compensation Committee believes that the Company has greater product complexity and a broader geographic reach and because the Executive Compensation Committee has set higher growth targets for the Company as compared to the Peer Group. The Executive Compensation Committee approved base salaries of $710,000, $430,000, $430,000 and $345,000 for Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar, respectively, which corresponded to the 60th percentile of the Peer Group (based on PMP s fiscal 2008 findings). The base salary payable to Mr. Fischer, Ms. Blank and Mr. Haar were then denominated in euros on a one-time basis by using a three-year moving average exchange rate of 1.29 U.S. dollars per euro, resulting in base salaries of 550,388 ($826,925 at an average exchange rate of 1.50244 for fiscal 2008), 333,330 ($500,808 at an average exchange rate of 1.50244 for fiscal 2008) and 267,442 ($401,816 at an average exchange rate of 1.50244 for fiscal 2008), respectively. The Executive Compensation Committee chose to use a three-year moving average exchange rate as more representative than an exchange rate experienced in one fiscal year. Adjustments to the base salaries of Mr. Fischer, Ms. Blank and Mr. Haar on a going forward basis will be made against their March 2008 salaries as denominated in euros. In October 2008, the Executive Compensation Committee approved three percent increases to the base salaries of Mr. Fischer, Ms. Blank, Mr. Haar and Mr. Slovin resulting in base salaries of 566,900 ($768,008 at an average exchange rate of 1.35475 for fiscal 2009), 343,333 ($465,130 at an average exchange rate of 1.35475 for fiscal 2009), 275,470 ($373,193 at an average exchange rate of 1.35475 for fiscal 2009) and $442,900, respectively. The Executive Compensation Committee elected to increase base salaries in order to reflect increases in cost of living. As of the date of this proxy statement, the Executive Compensation Committee has not elected to increase base salaries for Mr. Fischer, Ms. Blank, Mr. Haar and Mr. Slovin for fiscal 2010.

Prior to fiscal 2008, in conducting salary reviews, the Executive Compensation Committee considered each individual executive officer s achievements during the prior fiscal year in meeting our financial and business objectives, as well as the executive officer s performance of individual responsibilities and our financial position and overall performance. In addition, the Executive Compensation Committee reviewed, on an annual basis, tally sheets which summarized each executive s past and present compensation, including equity and non-equity based compensation, and potential accumulation of wealth pursuant to the Company s compensation and benefit plans. Other internal and external factors, such as internal pay equity within the Company, were also reviewed and considered by the Committee when establishing the named executive officers annual compensation packages. While the Executive Compensation Committee retains discretion to consider such factors in establishing base salaries, it chose not to exercise that discretion in fiscal 2009. In October 2009, Mr. Friedman s base salary was raised to $285,000 from the $275,000 in effect during fiscal 2009 at the discretion of our chief executive officer.

*Short-term Pay Non-Equity Performance Compensation.*

The Executive Compensation Committee believes that annual bonuses can serve an important function by adding a fiscal performance-based incentive to an executive s compensation package.

Economic Value Added Plan

In fiscal 2007, the Executive Compensation Committee determined not to continue the economic value added plan (the EVA Plan ). In determining not to continue the EVA Plan, the Executive Compensation Committee took into account the fact that payouts under the EVA Plan were not tied solely to annual performance and were instead based upon a five-year forecast, with a portion of annual awards credited to a bonus bank each year. The Executive Compensation Committee determined that the non-equity performance portion of executive s salary should be more focused on near term achievement of goals, whereas the equity performance rewards compensate executives for longer term growth of the Company. However, some payments of deferred compensation were made to Ms. Blank and Mr. Haar from their respective EVA Plan bonus bank in December 2007. See Nonqualified Deferred Compensation. The Executive Compensation Committee terminated the EVA Plan for all employees as of September 30, 2008.

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Executive Bonus Plan

On December 2, 2008, the Executive Compensation Committee approved the 2009 Executive Bonus Plan (the Executive Plan ). The purpose of the Executive Plan is to provide to senior executive officers selected by the Executive Compensation Committee cash bonus compensation that is (1) performance based and (2) competitive at target performance with the cash bonuses paid to similarly situated senior executives. The Executive Plan replaced the 2008 Executive Bonus Plan (the 2008 Plan ) which had previously replaced the cash bonus compensation component of total compensation used in prior years for the participants of the 2008 Plan. The Executive Compensation Committee annually determines target performance metrics based upon budgetary estimates of financial performance approved by the Board of Directors in the first quarter of each fiscal year. The target bonus amount of each participant is a percentage of such participant s annual base salary. The Committee also determines the percentage of target bonus payable to each participant at performance levels above and below target performance for each of the metrics described below on an annual basis. Cash bonuses were targeted at the 70th percentile (based on PMP s fiscal 2008 findings) of such compensation of companies in the Peer Group because the Executive Compensation Committee has set higher growth targets for the Company as compared to the Peer Group. While the Executive Compensation Committee retains discretion to target annual cash bonuses other than in reference to the Peer Group, it did not exercise that discretion in fiscal 2009.

The financial performance metrics used to measure and reward performance under the Executive Plan has two major components: a Revenue Metric and an Earnings Metric.

(a) Revenue Metric. The Revenue Metric is the Company s fiscal year revenue, as reported in its financials. The Revenue Metric is given a weighting of 25% in calculating each participant s bonus. That means, in the event that the actual fiscal year Revenue Metric achieves target, each participant will receive 25% of his or her target bonus. Each participant will receive greater or less than the 25% of target bonus to the extent the Revenue Metric exceeds or is less than the revenue target. Participants may receive no more than twice their 25% (or a total 50%) of target bonus due to actual fiscal year revenue.

(b) Earnings Metric. The Earnings Metric is given an overall weight of 75%. The Earnings Metric consists solely of an Adjusted EBITDA Metric. The Adjusted EBITDA Metric has been determined by the Committee to be fiscal year net income as reported by the Company in its financials, *plus* (i) net interest expense, (ii) provision for income taxes, (iii) depreciation and amortization, (iv) option expenses, (v) foreign exchange effect from Patterson exclusivity fee revaluation, (vi) refinancing expenses, (vii) foreign exchange effect from intra-group loans, (viii) non-cash gain/loss on interest derivatives, (ix) release of the Patterson exclusivity fee (x) and other special items set forth by the Executive Compensation Committee (historically, special items have been: write-off IPR&D and expenses related to refinancing). If the fiscal year Adjusted EBITDA Metric achieves target, each participant will receive 75% of his or her target bonus. Each participant will receive greater or less than the 75% of target bonus to the extent the Adjusted EBITDA Metric exceeds or is less than the adjusted EBITDA target. Participants will receive no more than twice their 75% (or a total 150%) of target Bonus due to actual fiscal year Adjusted EBITDA.

The current participants in the Executive Plan are Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar.

The bonus awards for all participants in the Executive Plan are calculated with the same method: Fiscal year cash bonus = bonus earned due to actual fiscal year Revenue Metric performance + bonus earned due to actual fiscal year Adjusted EBITDA Metric performance. There are no elements of individual performance considered in determining any award.

In February 2009, the Executive Compensation Committee determined and finalized all adjustments and items that would be used to calculate the Adjusted Net Income Metric and the Adjusted EBITDA Metric from the Company s audited financial statements. The Executive Compensation Committee also determined the performance targets for each of the Revenue Metric, the Adjusted Net Income Metric and the Adjusted EBITDA

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Metric, as well the amounts that would be earned by each of the participating named executive officers for performance below, at, and above target, as set forth in the tables just below. The Executive Compensation Committee determined for fiscal 2009 that the target bonus amounts were 84%, 59%, 59% and 58% of annual base salary for Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar, respectively, or $612,850, $262,650, $262,650 and $206,000, respectively, which amounts corresponded to the 70th percentile of the Peer Group (based on PMP s fiscal 2008 findings).

*Revenue Metric*. Each participant earned 25% of his or her target bonus if actual fiscal year 2009 revenue achieved target of $754.0 million. Each participant earned greater or less than 25% of target bonus as set forth below, with all other points determined on a straight line basis using the $710 million and the $800 million points, except that no additional bonus was awarded for achieving over $800 million in fiscal year 2009 revenue.

| Fiscal 2009 Revenue | % of Target Bonus |
|---|---|
| $710 million | 18.75% |
| $754 million | 25% |
| $777 million | 37.5% |
| $800 million | 50% |
| Greater than $800 million | 50% |

*Adjusted EBITDA Metric.* Each participant earned 75% of his or her target bonus if actual fiscal year 2009 Adjusted EBITDA achieved target of $195.0 million. Each participant earned greater or less than 75% of target bonus as set forth below, with all other points determined on a straight line basis using the $179.0 million and the $215.0 million points, except that no additional bonus was awarded for achieving over $215.0 million in fiscal year 2009 Adjusted EBITDA.

| Fiscal 2009 Adjusted EBITDA | % of Target Bonus |
|---|---|
| $179.0 million | 56.25% |
| $195.0 million | 75% |
| $205.0 million | 112.5% |
| $215.0 million | 150% |
| Greater than $215.0 million | 150% |

2009 Fiscal Year Performance and Results

The fiscal 2009 results for the Revenue Metric and the Adjusted EBITDA Metric, as derived from the Company s audited fiscal 2009 financial statements in accordance with the definitions approved by the Executive Compensation Committee, were $713.3 million and $183.8 million, respectively. These results represent 94.6% achievement by the Company of the Revenue target and 94.3% achievement by the Company of the Adjusted EBITDA target. After applying the calculations set forth in the charts above for performance below, at or above target, the Executive Compensation Committee determined that the bonus payable to each of the participating named executive officers for each of the Revenue Metric and the Adjusted EBITDA Metric, as a percentage of target bonus, was approximately 19.2% and approximately 61.8% respectively, totaling an aggregate cash bonus for each participating named executive officer of 81% of his or her target bonus.

Pursuant to the foregoing, each of Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar earned an annual bonus as initially calculated in U.S. dollars of $496,409, $212,747, $212,747 and $166,860, respectively. The bonuses payable to Mr. Fischer, Ms. Blank and Mr. Haar were then denominated in euros by using a three-year moving average exchange rate of 1.41 U.S. dollars per euro on the date the bonuses were calculated, resulting in bonuses payable of 352,813 ($477,973 at an average exchange rate of 1.35475 in fiscal 2009), 151,106 ($204,846 at an average exchange rate of 1.35475 in fiscal 2009) and 118,593 ($160,664 at an average exchange rate of 1.35475 in fiscal 2009), respectively. The Executive Compensation Committee chose to use a three-year moving average exchange rate to denominate the bonuses payable in euros to reduce the volatility of the exchange rate. Mr. Slovin s bonus was paid in U.S. dollars.

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There are no payments under the Executive Plan to any person upon termination of employment (for any reason) or upon a change in control of the Company, however, participants may be eligible for such payments under their employment or other agreements with the Company. Please see Employment Agreements below.

In fiscal 2009, Mr. Friedman was awarded a bonus of $89,100 based on the Company s and his individual performance, as determined by our chief executive officer.

2008 Executive Bonus Plan

The 2008 Plan had the same terms and conditions as the Executive Plan except that the Earnings Metric had two components, the Adjusted Net Income Metric and the Adjusted EBITDA Metric. Each Earnings Metric sub-component was given a weight of 37.5% in calculating each participant s bonus. That means that if target performance on each Earnings Metric sub-component was achieved, each participant received 37.5% + 37.5% or 75% of his or her target bonus.

The Adjusted Net Income Metric was determined by the Committee to be fiscal year net income as reported by the Company, *plus* (i) amortization or impairment of intangible assets, net of taxes, (ii) option expenses, net of taxes, (iii) foreign exchange effect from Patterson exclusivity fee revaluation, net of taxes, (iv) foreign exchange effect from intra-group loans, net of taxes, (v) non-cash gain/loss on interest derivatives, net of taxes, (vi) refinancing expenses, net of taxes, (vii) tax adjustments, (viii) and other special items (net of taxes) set forth by the Executive Compensation Committee (historically, special items have been: write-off IPR&D, expenses related to refinancing and revaluation of deferred tax liability). If fiscal year adjusted net income achieved target, each participant would have received 37.5% of his or her target bonus. Each participant would have received greater or less than the 37.5% of target bonus to the extent the Adjusted Net Income Metric exceeded or was less than the adjusted net income target. Participants could not receive more than twice their 37.5% (or a total 75%) of target bonus due to actual fiscal year adjusted net income.

The Adjusted EBITDA Metric was determined by the Committee to be fiscal year net income as reported by the Company in its financials, *plus* (i) net interest expense, (ii) provision for income taxes, (iii) depreciation and amortization, (iv) option expenses, (v) foreign exchange effect from Patterson exclusivity fee revaluation, (vi) refinancing expenses, (vii) foreign exchange effect from intra-group loans, (viii) non-cash gain/loss on interest derivatives, (ix) release of the Patterson exclusivity fee (x) and other special items set forth by the Executive Compensation Committee (historically, special items have been: write-off IPR&D and expenses related to refinancing). If fiscal year Adjusted EBITDA achieved target, each participant would have received 37.5% of his or her target bonus. Each participant would have received greater or less than the 37.5% of target bonus to the extent the Adjusted EBITDA Metric exceeded or was less than the adjusted EBITDA target. Participants could not receive more than twice their 37.5% (or a total 75%) of target bonus due to actual fiscal year adjusted EBITDA.

The bonus awards for all participants in the 2008 Plan were calculated with the same method: Fiscal year cash bonus = bonus earned due to actual fiscal year Revenue Metric performance + bonus earned due to actual fiscal year Adjusted Net Income Metric performance + bonus earned due to actual fiscal year Adjusted EBITDA Metric performance. There were no elements of individual performance considered in determining any award.

*Long-term Pay Equity Awards.* The Executive Compensation Committee believes that equity ownership by executive officers provides incentive to build stockholder value and aligns the interests of our officers with its stockholders. The Executive Compensation Committee typically recommends or awards an option, restricted stock unit or restricted share grant upon hiring executive officers or within one year of their date of hire, subject to a maximum four-year vesting schedule. The size of the initial grant is usually determined with reference to the seniority of the officer, his or her level of cash compensation, the contribution the officer is expected to make to us and comparable equity compensation offered by others in the industry. The Executive Compensation Committee also believes that periodic option, restricted stock unit or restricted share grants provide incentives for

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executive officers to remain with us. When considering periodic grants made after hiring, the Executive Compensation Committee has historically considered prior option or restricted share grants to the officer, independent of whether the options have been exercised, the executive s performance during the year and his or her expected contributions in the succeeding year. As discussed above, the Executive Compensation Committee decided to begin targeting long-term incentive compensation at the median of the Peer Group.

The Executive Compensation Committee determined that time-vesting stock options should be granted to Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar beginning in fiscal 2009 and granted 200,000, 150,000, 150,000, and 50,000, respectively, employee stock options in fiscal 2009. The Executive Compensation Committee believes that time-vesting stock options offer a significant incentive to option holders while providing a significant retention benefit to the Company. A fiscal 2009 grant to Mr. Friedman of 12,000 employee stock options was made at the discretion of our chief executive officer. These grants were made from the 2006 Plan, which was adopted by the Board of Directors in December 2006 and approved by the stockholders at the Annual Meeting of Stockholders held on February 27, 2007 and amendments to this plan were approved by stockholders at the Annual Meeting of Stockholders held on February 25, 2009. Options are generally granted at the then-current market price for our Common Stock and, consequently, have value only if the price of the Common Stock increases over the exercise price during the period in which the option is exercisable. The fact that the Company consummated an option exchange offer in January 2009 did not affect the fiscal 2009 equity grants because the exchange offer was a value-for-value exchange of equity incentive awards.

In December 2009, the Executive Compensation Committee decided to grant restricted stock units rather than stock options. Restricted stock units represent the right to receive an equivalent number of shares of our common stock at the time the restricted stock units vest without the payment of an exercise price or other consideration. Unlike stock options a restricted stock unit award has some value regardless of stock price volatility thereby enhancing retention during times of stock price volatility. In addition, the value of restricted stock units appreciates as the value of our common stock increases thereby helping to achieve our compensation objective of aligning our executives interests with those of our stockholders. Restricted stock unit awards also assist us with retention in that they generally vest and become payable over a four year period vesting equally on the second, third and fourth anniversary of grant, contingent upon the executive s continued employment. We believe that allocating some portion of our long-term incentives to restricted stock unit awards is appropriate and beneficial to stockholders because restricted stock units have greater grant date value per share than stock options and thereby minimize the dilutive effect of such equity awards on stockholders. In December 2009, the Executive Compensation Committee determined to grant 30,500, 18,500, 18,500 and 3,650 restricted stock units Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Friedman, respectively.

*Severance Payments and Change in Control.* In March 2008, the Executive Compensation Committee, after review of the competitive benchmarking of the Peer Group and after considering the recommendations of PM&P, determined that Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar should receive payments of up to 24 months annual base salary and two times target bonus in the year of termination in the event that any of them were terminated without cause or if any of them terminated their employment for good reason. This resulted in an increased benefit for Mr. Fischer who previously would receive only a single year s base salary plus target bonus for the year of termination and for Mr. Slovin who previously would receive 24 months of annual base salary but only one year of target bonus. The Executive Compensation Committee also decided that equity awards held in the Company by Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar would be accelerated in the event of a change in control. Mr. Slovin s employment agreement already provided for such acceleration of equity awards held by him.

On December 2, 2008, the Executive Compensation Committee approved amendments to employment agreements of Mr. Fischer, Ms. Blank and Mr. Slovin for the purposes of providing the revised severance and change in control benefits described in the paragraph above.

*Other Compensation.* Executive pension plans are common in European companies but are declining in the United States. In March 2008, the Executive Compensation Committee, after review of the competitive

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benchmarking of the Peer Group and after considering the recommendations of PM&P, decided that Mr. Fischer, Ms. Blank and Mr. Haar, our Europe-based named executive officers, should be enrolled in a retirement savings plan that provides benefits similar to a U.S. 401(k) plan. The Executive Compensation Committee believes that such a retirement savings plan will provide a competitive benefit to our Europe-based named executive officers. While such benefit was authorized by the Executive Compensation Committee in fiscal 2008, the retirement saving plan became available to our Europe-based named executive officers during fiscal 2009. The Executive Compensation Committee also determined that the Company should provide payments on behalf of some named executive officers for private health care insurance coverage. In fiscal 2009, payments of 8,750 ($11,854), 3,000 ($4,064) and $4,047 were made on behalf of Mr. Fischer, Ms. Blank and Mr. Slovin, respectively. The Executive Compensation Committee also decided in March 2008, after review of the competitive benchmarking of the Peer Group and after considering the recommendations of PM&P, to continue the Company s current practice of providing limited auto, housing and tax advisory services to its named executive officers. These perquisites facilitate the performance of our named executive officer s managerial duties and provide for competitive total compensation when compared to the total compensation of the Peer Group.

*Modification of Compensation Policies.* The Omnibus Budget Reconciliation Act of 1993 includes potential limitations on tax deductions for compensation in excess of $1,000,000 paid to our executive officers. The Executive Compensation Committee has analyzed the impact of this provision of the tax law on our compensation policies, has determined that historically the effect of this provision on the taxes paid by us has not and would not have been significant and has decided for the present not to modify our compensation policies based on such provision. In the event that a material amount of compensation might potentially not be deductible, it will consider what actions, if any, should be taken to seek to make such compensation deductible without compromising its ability to motivate and reward excellent performance.

*Report of the Executive Compensation Committee of the Board of Directors*

The Executive Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis provided above. Based on its review and discussions, the Executive Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and the Company s Annual Report on Form 10-K for its 2009 fiscal year.

From the members of the Executive Compensation Committee of Sirona Dental Systems, Inc.:

Timothy P. Sullivan, Chairman

William K. Hood

Harry M. Jansen Kraemer, Jr.

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*Summary Compensation Table*

The following table provides summary information concerning compensation paid or accrued by the Company to or on behalf of named executive officers for services rendered during fiscal 2009, fiscal 2008 and fiscal 2007.

| Name and Principal Position | Year | Salary ($) | Bonus ($)[1] | Stock Awards ($) | Option Awards ($)[2] | Non-Equity Incentive Plan Compensation ($)[3] | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($)[4] | Total ($) |
|---|---|---|---|---|---|---|---|---|---|
| Jost Fischer[5] | 2009 | $ 768,008 | | | $ 198,442 | $ 496,409 | | $ 116,899 | $ 1,579,758 |
| Chairman, President and Chief | 2008 | 759,010 | | | | 1,064,033 | | 81,251 | 1,904,293 |
| Executive Officer | 2007 | 545,300 | $ 79,800 | | | 243,257 | | 28,541 | 896,898 |
| Simone Blank[5] | 2009 | 465,130 | | | 148,832 | 212,747 | | 86,304 | 913,013 |
| Executive Vice President and Chief | 2008 | 466,503 | | | | 456,015 | | 67,654 | 990,172 |
| Financial Officer and Director | 2007 | 345,800 | 66,500 | | | 133,399 | | 45,126 | 590,825 |
| Jeffrey T. Slovin | 2009 | 442,900 | | | 7,373,760 | 212,747 | | 19,172 | 8,048,579 |
| Executive Vice President and Chief | 2008 | 410,577 | | | 7,241,562 | 412,781 | | 17,369 | 8,082,289 |
| Operating Officer of U.S. Operations and Director | 2007 | 364,712 | 61,000 | | 6,603,784 | 189,000[4] | | 14,493 | 7,232,989 |
| Theo Haar[5] | 2009 | 373,193 | | | 8,656 | 166,860 | | 20,134 | 568,843 |
| Executive Vice President | 2008 | 387,771 | | | | 357,657 | | 23,330 | 767,758 |
| | 2007 | 305,900 | 66,500 | | | 48,212 | | 15,100 | 435,712 |
| Jonathan Friedman | 2009 | 275,000 | 89,100 | | 292,649 | | | 8,783 | 665,532 |
| General Counsel and Secretary | 2008 | 265,000 | 111,300 | | 116,451 | | | 8,780 | 501,531 |

(1) Represents discretionary bonus payments made to Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar in fiscal 2007 and a bonus payment made to Mr. Friedman at the discretion of our chief executive officer in fiscal 2009 and 2008.

(2) These amounts reflect the expense recognized for financial statement reporting purposes for the fiscal years ended September 30, 2009, September 30, 2008 and September 30, 2007, in accordance with FASB ASC Topic 718, Compensation-Stock Compensation, for stock options granted under the Schick Technologies, Inc. 1996 Plan and the 2006 Plan to Mr. Slovin and under the 2006 Plan for Mr. Fischer, Ms. Blank, Mr. Haar and Mr. Friedman. The amounts have been adjusted to eliminate service-based forfeiture assumptions used for financial reporting purposes. The other assumptions used in calculating these amounts are set forth in Note 4, Employee Share-Based Compensation, to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2009, Note 5, Employee Share-Based Compensation, to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2008 and in Note 6, Employee Share-Based Compensation, to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2007.

(3) 2009 amounts represents amounts earned in fiscal 2009 by Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar based on fiscal 2009 performance under the Company s Executive Plan, 2008 amounts represent amounts earned in fiscal 2008 by Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar based on fiscal 2008 performance under the Company s 2008 Plan and amounts earned in fiscal 2007 by Mr. Fischer, Ms. Blank and Mr. Haar based on fiscal 2007 performance under the EVA Plan. Amounts earned by Mr. Slovin in fiscal 2007 were determined pursuant to his employment agreement based on year over year modified income before taxes growth of Schick Technologies, Inc. Amounts earned by Mr. Fischer and Ms. Blank in fiscal 2009 will be paid from January to June 2010 and amounts earned by Mr. Fischer and Ms. Blank in fiscal 2008 were paid from January to June 2009. Amounts earned by Mr. Slovin and Mr. Haar for fiscal 2009 and 2008 were paid in December 2009 and December 2008, respectively. Amounts earned in fiscal 2007 were paid in December 2007.

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(4) Includes all other compensation as described in the following table:

| Name | Year | Savings Plan Contribution[a] | Tax Advice[b] | Car Allowance | Housing Allowance[e] | Healthcare Allowance[f] | Total |
|---|---|---|---|---|---|---|---|
| Jost Fischer | 2009 | $ 25,798 | $ 9,618 | $ 25,791[c] | $ 43,838 | $ 11,854 | $ 116,899 |
| | 2008 | | | 28,603[c] | 44,979 | 7,669 | 81,251 |
| | 2007 | | | | 28,541 | | 28,541 |
| Simone Blank | 2009 | 19,305 | | 18,575[c] | 44,360 | 4,064 | 86,304 |
| | 2008 | | | 18,092[c] | 46,932 | 2,629 | 67,654 |
| | 2007 | | | 14,709[c] | 30,417 | | 45,126 |
| Jeffrey T. Slovin | 2009 | 6,125 | | 9,000[c] | | 4,047 | 19,172 |
| | 2008 | 5,625 | | 8,988[c] | | 2,756 | 17,369 |
| | 2007 | 5,625 | | 8,868[c] | | | 14,493 |
| Theo Haar | 2009 | | | 20,134[c] | | | 20,134 |
| | 2008 | | | 22,329[c] | | | 23,330 |
| | 2007 | | | 15,100[c] | | | 15,100 |
| Jonathan Friedman | 2009 | 2,783 | | 6,000[d] | | | 8,783 |
| | 2008 | 2,780 | | 6,000[d] | | | 8,780 |

(a) Amounts for Mr. Slovin and Mr. Friedman reflect matching contributions under the Schick Technologies Inc. 401(k) Savings Plan (the Savings Plan ). Amounts for Mr. Fischer and Ms. Blank reflect amounts paid from January 1, 2009 through September 30, 2009 into a retirement savings plan that provides benefits similar to a U.S. 401(k) Plan.
(b) Represents payment to Mr. Fischer reimbursing costs incurred for tax advice.
(c) Represents payments for leasing a car.
(d) Represents a credit paid to Mr. Friedman to defer the cost of leasing a car.
(e) Represents payments for apartments for Mr. Fischer and Ms. Blank in New York City.
(f) Includes an allowance for healthcare premiums payable by the named executive officer. Fiscal 2008 payments represent an annual benefit, prorated from March 1, 2008.

(5) Mr. Fischer, Ms. Blank and Mr. Haar were compensated in euros. All 2009 amounts (excluding non-equity incentive plan compensation) have been converted to U.S, dollars at an exchange rate of 1.35475, the average exchange rate for the fiscal year ended September 30, 2009. All 2008 amounts have been converted to U.S. dollars at an exchange rate of 1.50244, the average exchange rate for the fiscal year ended September 30, 2008. All 2007 amounts have been converted to U.S. dollars at an exchange rate of 1.33, the average exchange rate for the fiscal year ended September 30, 2007. For fiscal 2009, each of Mr. Fischer, Ms. Blank and Mr. Haar earned non-equity incentive plan compensation initially calculated in U.S. dollars of $496,409, $212,747 and $166,860, respectively. The non-equity incentive plan compensation payable to Mr. Fischer, Ms. Blank and Mr. Haar for fiscal 2009 were then denominated in euros by using a three year moving average exchange rate of 1.41 U.S. dollars per euro on the date the bonuses were calculated, resulting in bonuses payable of 352,813 ($477,973 at an average exchange rate of 1.35475 in fiscal 2009), 151,206 ($204,846 at an average exchange rate of 1.35475 in fiscal 2009) and 118,593 ($160,664 at an average exchange rate of 1.35475 in fiscal 2009), respectively.

*Employment Agreements*

Mr. Fischer (Chairman, Chief Executive Officer and President):

In April 2002, the Company entered into an employment agreement with Mr. Fischer for an indefinite term. An October 1, 2007 amended and restated service agreement conformed the existing employment arrangement between the Company and Mr. Fischer for Austrian law, but did not otherwise materially change the employment arrangement. Under the terms of the agreement, Mr. Fischer is employed as the Company s Chairman, Chief Executive Officer and President. Mr. Fischer s annual base salary as of October 1, 2007 was 435,000 ($589,317 at an average exchange rate of 1.35475 for the fiscal year ended September 30, 2009). His annual base salary was raised to 550,388 ($745,639 at an average exchange rate of 1.35475 for fiscal 2009) as of March 1, 2008. Mr. Fischer s annual base salary was raised to 566,900 ($768,008 at an average exchange rate of 1.35475 for fiscal 2009) for fiscal 2009. In addition to his base salary, Mr. Fischer is eligible to receive an annual bonus based on the Company s Executive Bonus Plan. If the Company achieves target financial performance, the earned bonus is $612,850. If Mr. Fischer s employment is terminated due to death, the Company will continue to pay his contractual compensation for a period of up to six months. Mr. Fischer s employment agreement provides that he will be restricted from acting as a member of supervisory, advisory or similar boards of companies which are not affiliated with the Company without prior written consent of the Board of Directors and will not, during the course of his employment, directly or indirectly be employed by, engaged in or participate in the ownership,

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management, operation or control of, or act in any advisory or other capacity for, any competing entity. The employment agreement may be terminated by the Company or Mr. Fischer upon one year s notice, and each party may terminate the employment agreement for cause.

On December 2, 2008, the Executive Compensation Committee approved an amended and restated service agreement between the Company and Mr. Fischer. The amended and restated agreement provides that Mr. Fischer is eligible to receive a bonus under the Company s Executive Bonus Plan. The December 2, 2008 agreement is entered into for an indefinite time, however, it may be terminated by Mr. Fischer or the Company with a least six months notice; provided that if Mr. Fischer desires to terminate the agreement for other than good reason or following a change of control, Mr. Fischer will endeavor to provide at least 24 months notice. If the agreement is terminated for other than cause, Mr. Fischer is eligible for a severance payment equal to his annual base salary, 100% of his target bonus amount and 100% of the monetary value of health and welfare benefits being received by Mr. Fischer (the Regular Severance Payment ); provided that if Mr. Fischer terminates the agreement, he shall instead be entitled to receive a severance payment in an amount equal to the product of the Regular Severance Payment *divided* by 12 *times* the lesser figure of (i) 12 months and (ii) the excess of 24 months minus the number of months between the date of notice of termination of the agreement and the effective date of such termination. As an example, if such notice of termination of the agreement is given by Mr. Fischer 20 months before the effective date of such termination, then his severance payment would be one third of the Regular Severance Payment. Mr. Fischer is eligible for a payment of an additional up to 50% of the Regular Severance Payment if he meets certain conditions with respect to noncompetition. As an example, in the case of a termination notice by Mr. Fischer for a reason other than cause or by the Company for a reason other than cause the total amount paid to Mr. Fischer with respect to the 24 months (assuming the termination notice is given with six months notice, but not with more) period following the delivery of the termination notice is two times the Regular Severance Payment. In the event of a change of control, any securities or options granted to Mr. Fischer in the Company or its subsidiaries shall fully vest and be transferable subject to applicable securities laws and exchange rule restrictions. Change of Control means that any person (other than Luxco) owns (legally and/or economically), solely, with its affiliates or other persons acting in concert with it, directly or indirectly, more than 50% of the outstanding capital and/or voting rights (in both cases excluding treasury capital/voting rights) in the Company and/or Controls the Company. Control means in respect of a person, the power directly or indirectly to manage or govern such person, or to appoint the managing and governing bodies of such person, or a majority of the members thereof if they decide collectively, whether through the ownership of voting securities, by contract or otherwise (in such respect, a limited partnership shall be deemed to be Controlled by its general partner). The same will apply for any economically comparable situation (e.g. transfer of assets of the Company, merger or consolidation of Company), whereby any valuation needed shall be based on the most recent financial statements of the Company or the relevant entity. During the first year after termination of employment without cause, Mr. Fischer may not compete with the Company, however such period of noncompetition is reduced depending on the length of notice given by Mr. Fischer in the event he terminates the agreement.

Ms. Blank (Executive Vice President and Chief Financial Officer):

In July 1999, the Company entered an employment agreement, as amended in June 2001, with Simone Blank for an indefinite term. An October 10, 2007 amended and restated service agreement conformed the existing employment arrangement between the Company and Ms. Blank for Austrian law, but did not otherwise materially change the employment arrangement. Under the terms of the agreement, Ms. Blank is employed as the Company s Executive Vice President and Chief Financial Officer. Ms. Blank s annual base salary as of October 1, 2007 was 275,000 ($372,557 at an average exchange rate of 1.35475 for the fiscal year ended September 30, 2009). Her annual base salary was raised to 333,330 ($451,579 at an average exchange rate of 1.35475 for fiscal 2009) as of March 1, 2008. Ms. Blank s annual base salary was raised to 343,333 ($465,130 at an average exchange rate of 1.35475) for fiscal 2009. In addition to her base salary, Ms. Blank is eligible to receive an annual bonus based on the Company s Executive Bonus Plan. If the Company achieves target financial performance, the earned bonus is $262,650. Ms. Blank s employment agreement provides that she will be restricted from acting as a member of supervisory, advisory or similar boards of companies which are not

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affiliated with the Company without prior written consent of the Board of Directors and will not, during the course of his employment, directly or indirectly be employed by, engaged in or participate in the ownership, management, operation or control of, or act in any advisory or other capacity for, any competing entity. The employment agreement may be terminated by the Company or Ms. Blank upon twenty four months notice, and each party may terminate the employment agreement for cause.

On December 2, 2008, the Executive Compensation Committee approved an amended and restated service agreement between the Company and Ms. Blank. The amended and restated agreement provides that Ms. Blank is eligible to receive a bonus under the Company s Executive Bonus Plan. The December 2, 2008 agreement is entered into for an indefinite time, however, it may be terminated by Ms. Blank or the Company with a least six months notice; provided that if Ms. Blank desires to terminate the agreement for other than good reason or following a change of control, Ms. Blank will endeavor to provide at least 24 months notice. If the agreement is terminated for other than cause, Ms. Blank is eligible for a severance payment equal to her annual base salary, 100% of her target bonus amount and 100% of the monetary value of health and welfare benefits being received by Ms. Blank (the Regular Severance Payment ); provided that if Ms. Blank terminates the agreement, she shall instead be entitled to receive a severance payment in an amount equal to the product of the Regular Severance Payment *divided* by 12 *times* the lesser figure of (i) 12 months and (ii) the excess of 24 months minus the number of months between the date of notice of termination of the agreement and the effective date of such termination. As an example, if such notice of termination of the agreement is given by Ms. Blank 20 months before the effective date of such termination, then her severance payment would be one third of the Regular Severance Payment. Ms. Blank is eligible for a payment of an additional up to 50% of the Regular Severance Payment if she meets certain conditions with respect to noncompetition. As an example, in the case of a termination notice by Ms. Blank for a reason other than cause or by the Company for a reason other than cause, the total amount paid to Ms. Blank with respect to the 24 months (assuming a termination notice is given with six months notice, but not with more) period following the delivery of the termination notice is two times the Regular Severance Payment. In the event of a change of control, any securities or options granted to Ms. Blank in the Company or its subsidiaries shall fully vest and be transferable subject to applicable securities laws and exchange rule restrictions. Change of Control means that any person (other than Luxco) owns (legally and/or economically), solely, with its affiliates or other persons acting in concert with it, directly or indirectly, more than 50% of the outstanding capital and/or voting rights (in both cases excluding treasury capital/voting rights) in the Company and/or Controls the Company. Control shall mean in respect of a person, the power directly or indirectly to manage or govern such person, or to appoint the managing and governing bodies of such person, or a majority of the members thereof if they decide collectively, whether through the ownership of voting securities, by contract or otherwise (in such respect, a limited partnership shall be deemed to be Controlled by its general partner). The same shall apply for any economically comparable situation (e.g. transfer of assets of the Company, merger or consolidation of the Company), whereby any valuation needed shall be based on the most recent financial statements of the Company or the relevant entity. During the first year after termination of employment without cause, Ms. Blank may not compete with the Company, however such period of noncompetition is reduced depending on the length of notice given by Ms. Blank in the event she terminates the agreement.

Mr. Slovin (Executive Vice President and Chief Operating Officer of U.S. Operations):

In June 2006, the Company entered into an employment agreement with Mr. Slovin that superseded his prior employment and other compensatory arrangements. Pursuant to the employment agreement, Mr. Slovin serves as Executive Vice President of the Company and Chief Operating Officer of U.S. Operations. Throughout his employment, he will serve as a Director of the Company, subject to election by the stockholders. Mr. Slovin s annual base salary as of October 1, 2007 was $385,000. His annual base salary was raised to $430,000 as of March 1, 2008. Mr. Slovin s annual base salary was raised to $442,900 for fiscal year 2009. Options granted to Mr. Slovin under previous employment agreements vested immediately upon the closing of the Exchange. Upon the closing of the Exchange, Mr. Slovin received options to purchase 1,130,000 shares of the Company s Common Stock granted under a stock option agreement dated on or about September 25, 2005 that vest immediately if the Company is acquired by another entity or company or upon a change in control that would

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require disclosure pursuant to Item 5.01 of Form 8-K. The employment agreement continued until June 15, 2007, and was automatically renewed for a period of one year. The employment agreement will automatically be renewed thereafter for successive periods of one year until terminated by the Company or Mr. Slovin by written notice to the other party at least 90 days prior to the end of the then current term. In the event that the Company terminates Mr. Slovin s employment agreement without cause (as defined in the agreement), or Mr. Slovin terminates his employment with good reason (as defined in the agreement), in each case, Mr. Slovin will be entitled to receive severance payments, consisting of his base salary in effect at the time of termination, paid for a period of 24 months and the bonus that he would have otherwise received during the year in which termination occurs. Pursuant to the employment agreement, Mr. Slovin agreed not to compete with the Company or solicit or hire any of its current employees or former employees who left employment within the previous six months, during his employment and for a period of twelve months thereafter.

For purposes of Mr. Slovin s employment agreement, cause is defined as any of the following events: (i) a majority, plus at least one, of the members of the Company s Board of Directors, excluding employee, determines that (a) the employee has committed an act of fraud against the Company, or (b) the employee has committed an act of malfeasance, recklessness or gross negligence against the Company that is materially injurious to the Company or its customers; or (ii) the employee has materially breached the terms of his employment agreement; or (iii) the employee is indicted for, or convicted of, or pleads no contest to, a felony or a crime involving the employee s moral turpitude. For purposes of Mr. Slovin s employment agreement, good reason is defined as any of the following events: (i) the Company reduces the amount of the employee s base salary or bonus opportunity; (ii) the Company changes the employee s titles or reduces his responsibilities in a manner that is materially inconsistent with the office he holds; (iii) the failure of employee to be a member of either the Company s Board of Directors or the Company s Executive Committee, if any; (iv) the employee no longer reports to the Company s President and Chief Executive Officer, or (v) the Company s election to provide notice to employee of its intention not to renew the initial term or any successive renewal term of the employment agreement.

On December 2, 2008, the Executive Compensation Committee approved an amendment of Mr. Slovin s June 14, 2006 employment agreement. The amendment provides that Mr. Slovin is eligible to receive a bonus under the Company s Executive Plan. If the Company achieves target financial performance, the earned bonus is $262,650. In the event Mr. Slovin is terminated by the Company without cause or he terminates for good reason, he is eligible to receive severance payments of his annual base salary for a period of 24 months following termination, a payment of two times the target bonus he would otherwise have received during the year in which termination occurs, and health and welfare benefits for a maximum of 24 months following termination.

Mr. Haar (Executive Vice President):

In May 1998, the Company entered into an employment agreement, as amended in June 2001, with Mr. Haar for an indefinite term. Under the terms of this agreement, Mr. Haar is employed as an Executive Vice President. Mr. Haar s annual base salary as of October 1, 2007 was 245,000 ($331,914 at an average exchange rate of 1.35475 for the fiscal year ended September 30, 2009). His annual base salary was raised to 267,442 ($362,318 at an average exchange rate of 1.35475 for fiscal 2009) as of March 1, 2008. Mr. Haar s annual base salary was raised to 275,470 ($373,193 at an average exchange rate of 1.35475 for fiscal 2009) for fiscal 2009. In addition to his base salary, Mr. Haar is eligible to receive an annual bonus based on the Company s Executive Bonus Plan. If the Company achieves target financial performance, the earned bonus is $206,000. If Mr. Haar s employment is terminated due to death, he will receive his contractual compensation for the month in which he died, plus six months of compensation reduced by amounts of dependents compensation. Mr. Haar s employment agreement provides that he will be restricted from acting as a member of supervisory, advisory or similar boards of companies which are not affiliated with the Company without prior written consent of the Board of Directors and will not, during the course of his employment, directly or indirectly be employed by, engaged in or participate in the ownership, management, operation or control of, or act in any advisory or other capacity for, any competing entity. The employment agreement may be terminated by the Company or Mr. Haar upon twenty four months notice, and each party may terminate the employment agreement for cause.

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On February 2, 2009, Mr. Haar gave notice to the Company to terminate his employment contract with effect as of February 2011. As a result of his termination notice, all of Mr. Haar s unvested stock option awards have been forfeited.

Mr. Friedman (General Counsel and Corporate Secretary)

In August 2007, the Company entered into an offer of employment letter agreement with Mr. Friedman. Under the terms of this agreement, Mr. Friedman is employed as the Company s General Counsel. He is also our Corporate Secretary. Mr. Friedman s annual base salary for fiscal 2009 was $275,000. In addition to his base salary, Mr. Friedman is eligible to receive an annual cash bonus of up to 40% of his base salary pursuant to the Company s Executive Plan and as determined by our chief executive officer. Mr. Friedman was also granted 40,000 options of the Company s Common Stock in and is eligible for periodic future grants. If Mr. Friedman s employment with the Company is terminated other than for cause, Mr. Friedman is eligible to receive one year of base salary severance provided that he make himself available to work as a full-time consultant to the Company for the first three months following termination of employment. Mr. Friedman also receives a monthly car allowance.

*EVA Plan and Bonus Bank*

The EVA Plan was terminated in fiscal 2008 and replaced with the 2008 Plan with respect to Mr. Fischer, Ms. Blank and Mr. Haar. The EVA Plan included a non-discretionary, unfunded deferred compensation mechanism called the bonus bank, the purpose of which is to balance potentially material fluctuations in earned bonuses over the years.

Distributions from the bonus bank accounts of Ms. Blank and Mr. Haar were made in December 2007 in respect of the EVA Plan results for fiscal 2007. In connection with the termination of the EVA Plan as of September 30, 2008, distributions of the residual balances as of that date for each of Ms. Blank and Mr. Haar ( 103,250 ($139,878 at an average exchange rate of 1.35475 for the fiscal year ended September 30, 2009) and 73,750 ($99,913 at an average exchange rate of 1.35475 for the fiscal year ended September 30, 2009), respectively) were made by December 2008. See Nonqualified Deferred Compensation.

*Schick Technologies, Inc. 1996 Plan*

*General*. The 1996 Plan provides for the grant to officers, directors and employees of the Company and consultants, advisors and independent contractors of Schick of both incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, and stock options that are non-qualified for federal income tax purposes, sometimes referred to as non-statutory options.

*Administration and Eligibility*. The 1996 Plan is administered by the Board of Directors and/or by a duly appointed committee of the Board of Directors. The 1996 Plan is currently administered by the Executive Compensation Committee. The Executive Compensation Committee determines, among other things, which officers, employees, directors, consultants, advisors and contractors will receive options under the 1996 Plan, the type of option (incentive stock options or non-qualified stock options, or both) to be granted, vesting, the number of shares subject to each option, and, subject to certain conditions discussed below, the exercise price of the option and duration of the options. Members of the Executive Compensation Committee are not eligible to receive options under the 1996 Plan.

*Terms and Conditions of Option*. The exercise price of incentive stock options is determined by the Executive Compensation Committee, but may not be less than the fair market value of our Common Stock on the date of grant and the term of any such option may not exceed ten years from the date of grant. With respect to any participant in the 1996 Plan who owns stock representing more than 10% of the voting power of our outstanding capital stock, the exercise price of any incentive stock option may not be less than 110% of the fair market value of our Common Stock on the date of grant and the term of such option may not exceed five years from the date of grant.

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The exercise price of non-qualified stock options is determined by the Executive Compensation Committee on the date of grant, but may not be less than 85% of the fair market value of our Common Stock on the date of grant, and the term of any such option may not exceed ten years from the date of grant.

The Executive Compensation Committee may establish the time or times when an option becomes exercisable subject to limits on such option s term.

*Payment of Exercise Price*. Payment of the exercise price may be made by cash, check or cash equivalent, by tender of shares of our Common Stock then owned by the optionee, by the assignment of the proceeds of the sale of some or all of the shares of our Common Stock being acquired upon the exercise of an option or by any combination of the foregoing. Options may be granted which do not permit all of the foregoing forms of payment.

*Restrictions on Transfer*. Options granted pursuant to the 1996 Plan are not transferable, except by will or the laws of descent and distribution in the event of death. During an optionee s lifetime, the option is exercisable only by the optionee.

*Change in Control*. In the event of a proposed dissolution, liquidation or sale of the Company, the options terminate immediately prior to the consummation of such proposed event, unless otherwise provided for by the Executive Compensation Committee. The Executive Compensation Committee may, in its sole discretion, give each optionee the right to exercise his or her options, even if such would not otherwise be exercisable.

Pursuant to an amendment of the 1996 Plan, in addition to our employees, employees of, or consultants to, any company that the Company has agreed to acquire, will be eligible to receive non-statutory stock options under the 1996 Plan. After the amendment of the 1996 Plan in 2004, approximately 183 persons were eligible to receive options under the 1996 Plan; provided, however, that after April 22, 2006 no options may be granted under the 1996 Plan. As of January 5, 2010, 704,464 options were outstanding under the 1996 Plan. At the Company s 2008 annual meeting of stockholders, the Company s stockholders approved an amendment of our 1996 Plan to permit an option exchange offer program pursuant to which outstanding underwater options granted under our 1996 Plan were cancelled in a value-for-value exchange for new options for a lesser number of shares granted under our 2006 Plan. This resulted in a reduction of 1,619,750 shares outstanding under the 1996 Plan.

*The 2006 Plan*

*General*. The 2006 Plan provides for the grant to officers, directors (including non-employee directors) and employees of the Company and service providers to the Company of both incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, and stock options that are non-qualified for federal income tax purposes, sometimes referred to as non-statutory options, as well as stock appreciation rights, restricted stock, deferred stock, dividend equivalents, other stock-based awards and performance awards.

*Administration, Eligibility, and Terms and Conditions of Options*. The 2006 Plan is administered by the Executive Compensation Committee or the Board of Directors. The 2006 Plan is currently administered by the Executive Compensation Committee. The Executive Compensation Committee determines, among other things, which officers, employees, directors and service providers will receive awards under the 2006 Plan, the form and substance of grants made under the 2006 Plan and the conditions and restrictions applicable to such grants. The Executive Compensation Committee certifies whether conditions and restrictions applicable to the grant have been met, and may modify the terms of grants made under the 2006 Plan.

The exercise price of stock options is determined by the Executive Compensation Committee, but may not be less than the fair market value of our Common Stock on the date of grant and the term of any such option may not exceed ten years from the date of grant. In the case of an incentive stock option granted to an employee who

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owns stock representing more than 10% of the voting power of our outstanding capital stock on the date the grant, the exercise price of any incentive stock option may not be less than 110% of the fair market value of our Common Stock on the date of grant and the term of such option may not exceed five years from the date of grant.

Options may be exercised upon payment of the exercise price may be made by cash, by delivery of shares of our Common Stock then owned by the optionee, by simultaneous sale through a broker of shares acquired upon exercise, as permitted by Regulation T of the Federal Reserve Board, by authorizing the Company to withhold shares issuable upon exercise in the number necessary such that the fair market value of such withheld shares equals the aggregate exercise price or by any combination of the foregoing.

*Stock Appreciation Rights*. SARs entitle a participant to receive the amount by which the fair market value of a share of our Common Stock on the date of exercise exceeds the grant price of the SAR. The grant price and the term of an SAR will be determined by the Executive Compensation Committee, however the grant price shall not be less than 100% of the fair market value of a share of Common Stock as of the date of grant. Furthermore, no SAR may have a term exceeding ten years.

*Termination of Options and SARs.* Unless otherwise determined by the Executive Compensation Committee, and subject to certain exemptions and conditions, if a participant ceases to be a director, officer or employee of, or to otherwise perform services for us for any reason other than death, disability, retirement or termination for cause, all of the participant s options and SARs that were exercisable on the date of such cessation will remain exercisable for, and will otherwise terminate at the end of, a period of 90 days after the date of such cessation. In the case of death or disability, all of the participant s options and SARs that were exercisable on the date of such death or disability will remain so for a period of 180 days from the date of such death or disability. In the case of retirement, all of the participant s options and SARs that were exercisable on the date of retirement will remain exercisable for, and shall otherwise terminate at the end of, a period of 90 days after the date of retirement. In the case of a termination for cause, or if a participant does not become a director, officer or employee of, or does not begin performing other services for us for any reason, all of the participant s options and SARs will expire and be forfeited immediately upon such cessation or non-commencement, whether or not then exercisable.

*Restricted Stock and Deferred Shares*. Restricted stock is a grant of shares of our Common Stock that may not be sold or disposed of, and that may be forfeited in the event that a participant ceases to be a director, officer, employee or otherwise perform services for us for reasons other that death, disability or retirement prior to the end of a restricted period set by the Executive Compensation Committee. A participant granted restricted stock generally has all of the rights of a stockholder, unless the Executive Compensation Committee determines otherwise. An award of deferred shares confers upon a participant the right to receive shares of our Common Stock at the end of a deferral period set by the Executive Compensation Committee, subject to possible forfeiture of the award in the event of certain terminations of employment prior to the end of the deferral period. Prior to settlement, an award of deferred shares carries no voting or dividend rights or other rights associated with share ownership.

*Dividend Equivalents*. Dividend equivalents confer the right to receive, currently or on a deferred basis, cash, shares of our Common Stock, other awards or other property equal in value to dividends paid on a specific number of shares of our Common Stock. Dividend equivalents may be granted alone or in connection with another award, and may be paid currently or on a deferred basis. If deferred, dividend equivalents may be deemed to have been reinvested in additional shares of our Common Stock, awards or other investment vehicles and subject to restrictions and risk of forfeiture as determined by the Executive Compensation Committee.

*Other Stock-Based Awards*. The Executive Compensation Committee is authorized to grant other awards that are denominated or payable in, valued by reference to, or otherwise based on or related to shares of our Common Stock, under the 2006 Plan. These awards may include convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of Common Stock, purchase rights for shares of Common

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Stock, awards with value and payment contingent upon our performance as a company or any other factors designated by the Executive Compensation Committee. The Executive Compensation Committee will determine the terms and conditions of these awards.

*Performance Awards*. The Executive Compensation Committee may make performance awards payable in cash, shares of our Common Stock or other awards, subject to the achievement of certain performance goals. The performance goals shall consist of one or more business criteria and a targeted level or levels of performance against such criteria, or other personal or business goals or objectives as the Executive Compensation Committee shall determine. Achievement of the performance goals is measured by the Executive Compensation Committee which may alter or adjust performance goals at its discretion. The Executive Compensation Committee will determine the circumstances under which performance awards shall be paid or forfeited during the performance period or prior to settlement of a performance award.

With respect to performance awards that are intended to be treated as performance-based compensation under Section 162(m) of the Internal Revenue Code, the Executive Compensation Committee shall, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service, in writing, (i) designate one or more participants, (ii) select the performance criteria applicable to the performance period, (iii) establish the performance goals, and amounts of such awards, as applicable, which may be earned for such performance period, and (iv) specify the relationship between the performance criteria and the performance goals and the amounts of such awards, as applicable, to be earned by each participant for such performance period. The Executive Compensation Committee may determine performance goals in respect of the performance of the Company, any of its subsidiaries or affiliates or any combination thereof on either a consolidated, business unit or divisional level. Performance goals may be absolute or relative and may be expressed in terms of a progression within a specified range.

*Change in Control*. In general, if a change in control (as defined in the 2006 Plan) occurs and if a 2006 Plan participant s employment or other service is terminated within twelve months after the change in control (other than a termination by us for cause, or by the participant without good reason ) the participant s outstanding awards will become fully vested and will remain exercisable for up to 180 days after the date of termination. If, as part of the change in control, we are acquired by another company, outstanding awards may be cashed out and/or canceled.

As of January 8, 2010, the combined total of the number of shares of restricted stock issued under the 2006 Plan, the number of shares covered by restricted stock units and the number of shares covered by options outstanding under the 2006 Plan was 2,876,807. At the Company s 2008 annual meeting of stockholders, the Company s stockholders approved an amendment to the 2006 Plan to increase the number of shares issuable under the 2006 Plan to 4,550,000.

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*Grants of Plan-Based Awards for fiscal year ended September 30, 2009*

The following table shows all plan-based awards granted to the named executive officers during the fiscal year ended September 30, 2009.

| Name | Grant Date | Board Approval Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards | | | All Other Stock Awards: Number of Shares of Stock or Units (#) | All Other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards ($/Sh) | Grant Date Fair Value of Stock and Option Awards |
|---|---|---|---|---|---|---|---|---|---|
| | | | Threshold ($) | Target ($) | Maximum ($) | | | | |
| Jost Fischer | 2/25/2009[1] | | | $ 612,850 | $ 1,225,700 | | | | |
| | 12/8/2008 | 12/2/2008 | | | | | 200,000 | $ 11.90[2] | 976,000 |
| Simone Blank | 2/25/2009[1] | | | 262,650 | 525,300 | | | | |
| | 12/8/2008 | 12/2/2008 | | | | | 150,000 | 11.90[2] | 732,000 |
| Jeffrey T. Slovin[3] | 2/25/2009[1] | | | 262,650 | 525,300 | | | | |
| | 12/8/2008 | 12/2/2008 | | | | | 150,000 | 11.90[2] | 732,000 |
| Theo Haar[4] | 2/25/2009[1] | | | 206,000 | 412,000 | | | | |
| | 12/8/2008 | 12/2/2008 | | | | | 50,000 | 11.90[2] | 244,000 |
| Jonathan Friedman[5] | 12/8/2008 | 12/2/2008 | | | | | 12,000 | 11.90[2] | 58,600 |

(1) For a discussion of amounts earned by Mr. Fischer, Ms. Blank, Mr. Slovin and Mr. Haar, see Short-term Pay Non-Equity Performance Compensation. The Target Amount is that amount payable upon achievement of target performance of the measures defined in the Executive Plan. The Maximum Amount is twice the Target Amount, pursuant to the terms of the Executive Plan.

(2) The exercise price equals the closing price of our Common Stock on the Nasdaq Global Select Market on December 8, 2008.

(3) Table does not reflect the issuance of 684,492 options with an exercise price of $14.09 on March 30, 2009, in connection the Company s value-for-value option exchange program. In exchange for the options issued, Mr. Slovin surrendered 1,130,000 options with an exercise price of $25.10. This exchange had no effect on the grant date fair value of the options exchanged.

(4) As a result of Mr. Haar s termination notice on Feb. 2, 2009, the terms of his employment agreement will be effective until February 28, 2011 and all of his unvested stock option awards have been forfeited.

(5) Table does not reflect the issuance of 19,276 options with an exercise price of $11.73 on January 21, 2009, in connection the Company s value-for-value option exchange program. In exchange for the options issued, Mr. Friedman surrendered 40,000 options with an exercise price of $29.91. This exchange had no effect on the grant date fair value of the options exchanged.

*Outstanding Equity Awards at fiscal year end September 30, 2009*

The following table provides information regarding the outstanding equity awards held by each named executive officer as of September 30, 2009.

| Name | Option Awards Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price ($) | Option Expiration Date |
|---|---|---|---|---|---|
| Jost Fischer | | 200,000 | | 11.90 | 12/8/2018 |
| Simone Blank | | 150,000 | | 11.90 | 12/8/2018 |
| Jeffrey T. Slovin[1] | 2,126 | | | 2.75 | 11/18/2012 |
| | 3,660 | | | 7.50 | 11/3/2013 |
| | 400,000 | | | 10.50 | 6/9/2014 |

| | | | |
|---|---|---|---|
| | 689,492 | 14.09 | 9/25/2015 |
| | 150,000 | 11.90 | 12/8/2018 |
| Theo Haar | | | |
| Jonathan Friedman[2] | 19,276 | 11.73 | 9/10/2017 |
| | 12,000 | 11.90 | 12/8/2018 |

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(1) Mr. Slovin received 1,130,000 options in connection with the acquisition of Schick Technologies, Inc. on September 25, 2005. The options vested pro rata on a daily basis over a four-year period commencing with the close of the acquisition on June 20, 2006. The exercise price of these options was $25.10. On March 30, 2009, Mr. Slovin elected to exchange these options under the Company s value-for-value option exchange program for 684,492 options with an exercise price of $14.09. Exchanged options are unvested until March 30, 2010, at which time they will begin to vest at the same percentage as the options surrendered at the close of the exchange. On March 30, 2010, 478,539 options will vest. Thereafter, any unvested options will vest pro rata on a daily basis until June 20, 2011.

(2) Mr. Friedman was granted 40,000 options under the 2006 Plan at an exercise price of $29.91 which were subject to vesting as follows: 20,000 on September 10, 2009, 10,000 on September 10, 2010 and 10,000 on September 10, 2011. On January 21, 2009, pursuant to an option exchange offer program under the 2006 Plan, Mr. Friedman exchanged the 40,000 options previously granted under the 2006 Plan for 19,276 options under the 2006 Plan granted at an exercise price of $11.73. Pursuant to the terms of the option exchange offer program, Mr. Friedman s options now vest as follows: 50% on September 10, 2010, 25% on September 10, 2011 and 25% on September 10, 2012. The option expiration date remains unchanged.

*Option exercises and stock vested for fiscal year ended September 30, 2009*

No options were exercised in the fiscal year ended September 30, 2009.

*Pension Benefits*

None of the named executive officers participate in a defined benefit pension plan.

*Nonqualified Deferred Compensation*

The EVA Plan (which was terminated in fiscal 2008 and was not used to determine bonuses for our named executive officers) provided for cash bonus awards earned based upon year-over-year incremental improvements in economic value added ( EVA ) and was payable following completion of the audit for the applicable fiscal year. The EVA Plan included a non-discretionary, unfunded deferred compensation mechanism called the bonus bank, the purpose of which was to balance potentially material fluctuations in earned bonuses over the years. Contributions to the bonus bank under the EVA Plan may be considered to be deferred compensation.

In fiscal 2008 and 2009, there were no contributions to the bonus bank because the EVA Plan was not used to determine bonuses for our named executive officers. There were distributions in December 2008 from the bonus bank accounts of Ms. Blank and Mr. Haar in respect of EVA Plan results for years prior to fiscal 2007. Distributions of the remaining bonus bank accounts as of September 30, 2008 at the termination of the EVA Plan were made to Ms. Blank and Mr. Haar by December 2008. For further information about the EVA Plan and the bonus bank, please see EVA Plan and Bonus Bank above.

| Name | Executive Contributions in Last Fiscal Year ($) | Registrant Contributions in Last Fiscal Year ($) | Aggregate Earnings in Last Fiscal Year ($) | Aggregate Withdrawals/ Distributions ($) | Aggregate Balance as of September 30, 2009 ($) |
|---|---|---|---|---|---|
| Simone Blank[1] | | | | $ 139,878[2][3] | |
| Theo Haar[1] | | | | 99,913[2][3] | |

(1) Ms. Blank and Mr. Haar were compensated in euros. All amounts have been converted to U.S. dollars at an exchange rate of 1.35475, the average exchange rate for the fiscal year ended September 30, 2009.

(2) Represents distributions in December 2008 of amounts in respect of EVA Plan results for years prior to fiscal 2007.

(3) As of September 30, 2008, the EVA Plan was terminated. All balances reported as of September 30, 2008 are in respect of compensation earned prior to fiscal 2007 and were not reported in a Summary Compensation Table. The September 30, 2008 bonus bank balances were distributed to Ms. Blank and Mr. Haar by December 2008.

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*Potential Payments upon Termination or Change in Control*

The following tables provide information on the compensation payable to each named executive officer upon voluntary termination, disability, death, termination for cause or upon a change in control. The amounts shown assume that the termination was effective as of September 30, 2009 and are estimates of the amounts that would be paid to the named executive officer upon his or her separation from the Company. The actual amounts to be paid to each named executive officer can only be determined at the time of such person s separation from the Company. See Employment Agreements.

| Name | Benefit | Voluntary Termination / Termination without Cause[1] | Termination for Good Reason[5] | Disability[6] | Death[7] | Termination for Cause[8] | Change in Control |
|---|---|---|---|---|---|---|---|
| Jost Fischer | Salary | $ 1,536,016[2] | $ 1,536,016[2] | $ 384,004 | $ 384,004 | | |
| | Bonus | 1,225,700[3] | 1,225,700[3] | 306,425 | 306,425 | | |
| | Health and Welfare Benefits | 23,708[4] | 23,708[4] | 5,927 | | | |
| | Stock Option Acceleration | | | | | | $ 3,570,000[9] |
| | Other[10] | 51,582 | 51,582 | 12,896 | | | |

(1) Reflects amounts payable to Mr. Fischer in the event of termination by Mr. Fischer or by the Company, in each case without cause and with a six month notice period and without good reason, provided the terms of a non-compete provision of his employment agreement are complied with for a period of twenty-four months following the delivery of a termination notice. Amounts reflected include payments made during the term of the employment agreement for services rendered under the employment agreement (i.e. between the notice of termination and the end of services under Mr. Fischer s employment agreement).

(2) Represents Mr. Fischer s annual salary, as in effect on September 30, 2009, for a period of twenty-four months. Mr. Fischer was compensated in euros. All amounts have been converted to U.S. dollars at an exchange rate of 1.35475, the average exchange rate for the fiscal year ended September 30, 2009.

(3) Represents the target bonus amount pursuant to the Executive Plan, as in effect on September 30, 2009, for a period of twenty-four months.

(4) Represents the value of continued health and welfare benefits, for a period of twenty-four months with effect as of September 30, 2009.

(5) Reflects amounts payable to Mr. Fischer in the event of termination by Mr. Fischer for good reason, without cause and with a six month notice period provided the terms of a non-compete provision of his employment agreement are complied with for a period of twenty-four months following the delivery of a termination notice. Amounts reflected include payments made during the term of the employment agreement for services rendered under the employment agreement (i.e. between the notice of termination and the end of services under Mr. Fischer s employment agreement).

(6) Represents Mr. Fischer s contractual compensation, as in effect on September 30, 2009, for a period of six months from the date of disability. Amounts do not reflect possible set-off of payment pursuant to statutory and contractual arrangements.

(7) Represents Mr. Fischer s contractual compensation, as in effect on September 30, 2009, for a period of six months from the date of termination due to death.

(8) Cause as defined by Austrian law.

(9) Represents the value of unvested stock options as of September 30, 2009, calculated by multiplying the number of unvested stock options by the difference between the exercise price of those options and the closing market price of our Common Stock on September 30, 2009.

(10) Includes car allowance.

| Name | Benefit | Voluntary Termination / Termination without Cause[1] | Termination with Good Reason[5] | Disability[6] | Death | Termination for Cause[7] | Change in Control |
|---|---|---|---|---|---|---|---|
| Simone Blank | Salary | $ 930,261[2] | $ 930,261[2] | $ 77,521 | | | |
| | Bonus | 525,300[3] | 525,300[3] | 43,775 | | | |
| | Health and Welfare Benefits | 8,129[4] | 8,129[4] | 677 | | | |
| | Stock Option Acceleration | | | | | | $ 2,677,500[8] |
| | Other[9] | 37,150 | 37,150 | 3,096 | | | |

(1) Reflects amounts payable to Ms. Blank in the event of termination by Ms. Blank or by the Company, in each case without cause, with a six month notice period and without good reason, provided the terms of a non-compete provision of her employment agreement are complied with for a period of twenty-four months following the delivery of a termination notice. Amounts reflected include payments made during the term of the employment agreement for services rendered under the employment agreement (i.e. between the notice of termination and the end of services under Ms. Blank s employment agreement).

(2) Represents Ms. Blank s annual salary, as in effect on September 30, 2009, for a period of twenty four months. Ms. Blank was compensated in euros. All amounts have been converted to U.S. dollars at an exchange rate of 1.35475, the average exchange rate for the fiscal year ended September 30, 2009.

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(3) Represents the target bonus amount pursuant to the Executive Plan, as in effect on September 30, 2009, for a period of twenty-four months.
(4) Represents the value of continued health and welfare benefits as in effect on September 30, 2009, for a period of twenty-four months.
(5) Reflects amounts payable to Ms. Blank in the event of termination by Ms. Blank for good reason, without cause and with a six month notice period provided the terms of a non-compete provision of her employment agreement are complied with for a period of twenty-four months following the delivery of a termination notice. Amounts reflected include payments made during the term of the employment agreement for services rendered under the employment agreement (i.e. between the notice of termination and the end of services under Ms. Blank s employment agreement).
(6) Pursuant to the terms of her employment agreement, in the event of Ms. Blank s illness the Company shall pay Ms. Blank pursuant to the terms of statutory and contractual arrangements. The above numbers represents 6 weeks of full remuneration and 4 weeks of half remuneration.
(7) Cause as defined by Austrian law.
(8) Represents the value of unvested stock options as of September 30, 2009, calculated by multiplying the number of unvested stock options by the difference between the exercise price of those options and the closing market price of our Common Stock on September 30, 2009.
(9) Includes car allowance.

| Name | Benefit | Termination without Cause or for Good Reason | Disability | Death | Termination for Cause | Voluntary Termination | Change in Control |
|---|---|---|---|---|---|---|---|
| Jeffrey T. Slovin | Salary Continuation | $ 885,800[1] | | | | | |
| | Bonus | 525,300[2] | | | | | |
| | Heath and Medical Benefits | 43,480[3] | | | | | |
| | Stock Option Acceleration | 9,523,084[4][5] | $ 9,523,084[4][5] | $ 9,523,084[4][5] | | | $ 13,474,945[4][6] |

(1) Represents Mr. Slovin s annual base salary as in effect on September 30, 2009 for a period of twenty-four months following termination without cause or termination for good reason. For any termination event, Mr. Slovin would also receive a lump sum payment equal to value of accrued, but unused, vacation days.
(2) The bonus is 2 times the target bonus Mr. Slovin would have otherwise received during the year in which the termination occurred.
(3) Represents health and medical benefits for a period of twenty-four months following termination without cause or termination for good reason.
(4) Represents the value of unvested stock options as of September 30, 2009, calculated by multiplying the number of unvested stock options by the difference between the exercise price of those options and the closing market price of our Common Stock on September 30, 2009.
(5) If Mr. Slovin s employment is terminated by the Company without cause or for good reason or Mr. Slovin dies or becomes permanently disabled, the unvested stock options that were scheduled to vest during the one year period following such events will instead vest on the date of such event, and the remaining unvested portion would automatically expire.
(6) In the event of any change of control of the Company, Mr. Slovin s stock options shall immediately vest and become exercisable.

| Name | Benefit | Voluntary Termination / Termination without Cause | Disability | Death[4] | Termination for Cause[5] | Change in Control |
|---|---|---|---|---|---|---|
| Theo Haar | Salary | $ 528,690[1] | $ 528,690[1][3] | $ 217,696 | | |
| | Bonus | 291,833[2] | 291,833[2][3] | 120,167 | | |
| | Other[6] | 28,524 | 28,524[3] | | | |

(1) Represents Mr. Haar s annual salary, as in effect on September 30, 2009, for a period of seventeen months (from September 30, 2009 until February 28, 2011) as a result of Mr. Haar s termination notice on February 2, 2009. Mr. Haar was compensated in euros. All amounts have been converted to U.S. dollars at an exchange rate of 1.35475, the average exchange rate for the fiscal year ended September 30, 2009.
(2) Represents the target bonus amount pursuant to the Executive Plan, as in effect on September 30, 2009, for a period of seventeen months (from September 30, 2009 until February 28, 2011) as a result of Mr. Haar s termination notice on February 2, 2009.
(3) Amounts do not reflect possible set-off of payment pursuant to statutory or private insurances.
(4) Represents Mr. Haar s contractual compensation, as in effect on September 30, 2009, for a period of seven months from the date of termination due to death.
(5) Cause as defined by German law.
(6) Includes car allowance.

| Name | Benefit | Termination without cause | Disability | Death | Termination for Cause | Change in Control |
|---|---|---|---|---|---|---|
| Jonathan Friedman | Salary | $ 285,000[1] | | | | |

| | |
|---|---|
| Stock Option Acceleration | $ 516,062[2] |

(1) Represents 12 months of Mr. Friedman s base salary as of September 30, 2009, payable if Mr. Friedman makes himself available as a full-time consultant to the Company for the three months after termination of employment.

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(2) Pursuant to the terms of the 2006 Plan, if there is a Change in Control (as defined in the 2006 Plan) and Mr. Friedman s employment is terminated by the Company without cause, Mr. Friedman dies, becomes disabled or retires, or Mr. Friedman terminates his employment for Good Reason (as defined in the 2006 Plan), within 12 months of a change in control, unvested options held by Mr. Friedman will immediately vest. Represents the value of unvested stock options as of September 30, 2009, calculated by multiplying the number of unvested stock options by the difference between the exercise price of those options and the closing market price of our Common Stock on September 30, 2009.

If Mr. Fischer, Ms. Blank or Mr. Haar is terminated by the Company without Cause[3] (or in the case of Mr. Fischer or Ms. Blank, he or she should resign for Good Reason[4]), all securities they hold in Luxco would be subject to repurchase by Luxco at the executive s option (the Put Option ) at fair market value. The purchase price payable upon exercise of the Put Option would be 20% in cash and 80% in a subordinated promissory note issued by Luxco, which would bear interest at 8% per annum with no interest or principal payments due until the earlier of (i) the tenth anniversary of the date of issuance or (ii) consummation of a sale of Luxco or the Company. The Company is not obligated to make any payment directly to management or indirectly to Luxco in connection with the exercise of the Put Option.

[3] Cause means (i) the conviction of a crime involving fraud, of fiduciary duty, or breach of insolvency (all within the meaning under German law) or (ii) conduct that qualifies as a reason for an extraordinary termination by Luxco for cause within the meaning of German law.

[4] Good Reason means, with respect to Mr. Fischer and Ms. Blank (i) the appointment of another managing director or key manager of Luxco and its subsidiaries (which include the Company) which would reasonably be expected to have a material adverse impact on the authority of Mr. Fischer and/or Ms. Blank, (ii) the acquisition of another enterprise or business division or any economically similar transaction which would reasonably be expected to have a material adverse impact on the authority of Mr. Fischer and/or Ms. Blank, (iii) the amendment of the rules of procedure for the management board of the Company and its subsidiaries which would be applicable to Mr. Fischer and/or Ms. Blank which would reasonably be expected to have a material adverse impact on the authority of Mr. Fischer and/or Ms. Blank, or (iv) initiation of substantial consultancy work by any advisory or supervisory board of the Company or its subsidiaries or by MDP or any of its affiliates, the costs of which shall be borne in part or in whole by the Company or its subsidiaries which would reasonably be expected to have a material adverse impact on the authority of Mr. Fischer and/or Ms. Blank.

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## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

**Advisory Services Agreement**

The Company and Luxco are parties to an advisory services agreement that terminates on October 1, 2009, but is automatically renewed for successive one year terms unless either party provides notice of termination 60 days prior to the end of the term. Under the agreement, which became effective October 1, 2005, the Company pays an annual fee to Luxco of 325,000 (approximately $440,300 at an average exchange rate of 1.35475 for the fiscal year ended September 30, 2009), and Luxco provides to the Company certain advisory services regarding the structure, terms and condition of debt offerings by the Company, financing sources and options, business development and other services. In addition, pursuant to an agreement between Luxco and MDP IV Offshore GP, LP, MDP IV Offshore GP, LP provides these services to the Company in exchange for a fee from Luxco of 324,593.75 (approximately $439,743 at an average exchange rate of 1.35475 for the fiscal year ended September 30, 2009).

**Registration Rights Agreement**

We are parties to a Registration Agreement with Luxco granting Luxco registration rights with respect to the shares it received in the Exchange. Any group of holders of at least a majority of the securities with registration rights may require us to register all or part of their shares three times on a Form S-1 or an unlimited number of times on a Form S-3, provided that, in the case of a registration on Form S-3, the aggregate offering value of the securities to be registered must equal at least $20 million. In addition, the holders of securities with registration rights may require us to include their shares in future registration statements that we file, subject to reduction at the option of the underwriters of such an offering. Upon any of these registrations, these shares will be freely tradable in the public market without restriction. We are obligated under the Registration Agreement to pay the registration expenses incurred in connection with any registration, qualification or compliance relating to the exercise of a holder s registration rights, other than underwriting discounts and commissions. Additionally, we have agreed to indemnify and hold harmless holders (and their affiliates) of registrable securities covered by a registration statement against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the holders (or their affiliates) may be required to make because of any of those liabilities. We have also agreed not to modify the terms and conditions of the existing registration rights agreement or grant registration rights that could adversely affect a holder s registration rights under the Registration Agreement without the prior written consent of holders of at least a majority of the securities with registration rights. We have granted Mr. Slovin similar registration rights.

**Review, Approval or Ratification of Transactions with Related Persons**

Pursuant to the charter of our Audit Committee, the Audit Committee must review, in advance, any proposed transaction between the Company and any related party. No such related-party transaction may be consummated by the Company without the approval of the Audit Committee. All related party transactions reported since the beginning of the Company s 2009 fiscal year were approved in accordance with such policies and procedures.

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## HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are Sirona Dental Systems, Inc. s stockholders will be householding our proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, please call or write your broker or direct your written request to Legal Department, Sirona Dental Systems, Inc., 30-30 47th Avenue, Suite 500, Long Island City, New York, New York 11101 or contact Jonathan Friedman, Esq. at (718) 482-2163. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their broker.

## SOLICITATION OF PROXIES

The Company is paying the costs for the solicitation of proxies, including the cost of preparing and mailing this Proxy Statement. Proxies are being solicited primarily by mail, but in addition, the solicitation by mail may be followed by solicitation in person, or by telephone or facsimile, by regular employees of the Company without additional compensation. The Company will reimburse brokers, banks and other custodians and nominees for their reasonable out-of-pocket expenses incurred in sending proxy materials to the Company s stockholders.

## PROPOSALS FOR THE 2010 ANNUAL MEETING

Pursuant to federal securities laws, any proposal by a stockholder to be presented at the 2010 Annual Meeting of Stockholders and to be included in the Company s proxy statement must be received at the Company s executive office at 30-30, Suite 500, 47th Avenue, Long Island City, New York 11101, no later than the close of business on October 7, 2010 and must otherwise comply with the SEC s rules, to be considered for inclusion in our proxy materials relating to our 2010 annual meeting. Proposals should be sent to the attention of the Secretary.

If you intend to present a proposal at next year s annual meeting, or if you want to nominate one or more directors, you must give timely notice thereof in writing to the Secretary at the address above. Pursuant to the Company s By-laws, in order for business to be properly brought before an annual meeting of stockholders by a stockholder, the stockholder must give written notice of such stockholder s intent to bring a matter before the annual meeting not less than ninety days prior to the date of such meeting; provided, however, that if less than ninety days notice or prior public disclosure of the date of such meeting is given to stockholders or made, the stockholder must give such written notice no later than the close of business on the tenth (10th) day following the day on which notice or public disclosure of the date of such meeting is given or made.

Notice of a proposal must include, as to each matter, (i) a brief description (which includes all material aspects thereof) of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) your name and address, as they appear on the stock records of the Company, (iii) the class and number of shares of each class of capital stock of the Company that are owned beneficially and of record by you, your affiliates, all groups of which you are a member and all persons with whom you are acting in concert (in each case, identifying them) and (iv) any material direct or indirect interest of you and your affiliates, groups or persons in such business.

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Notice of a nomination must include:

(i) as to each individual whom such stockholder proposes to nominate for election as a director, (a) the name, date of birth, business address and residential address of such individual, (b) the principal occupation or employment of such individual for at least the five years preceding the date of such notice, (c) the classes and number of each class of the capital stock of the Company that are owned beneficially and of record by such individual, his affiliates, all persons with whom he is acting in concert and all groups of which he is a member (in each case, identifying them) and (d) all information relating to such individual that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder; and

(ii) as to the stockholder giving such notice, (A) the name and address of such stockholder, as they appear on the stock records of the Company, (B) the classes and number of shares of each class of capital stock of the Company that are owned beneficially and of record by such stockholder, his affiliates, all persons acting in concert with him and all groups of which he is a member (in each case, identifying them) and (C) any professional, commercial, business or familial relationship of such stockholder, affiliates, persons or groups (in each case, identifying them) to such nominees, his affiliates, any person acting in concert with him or any group of which he is a member (in each case, identifying them).

Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

You may contact our Secretary at our principal executive offices for a copy of the relevant By-Law provisions regarding the requirements for making stockholder proposals and nominating director candidates.

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## GENERAL

The Company s Annual Report for the fiscal year ended September 30, 2009 is being mailed to stockholders together with this Proxy Statement. The Annual Report is not part of the soliciting materials.

The information set forth in this Proxy Statement under the captions Report of the Executive Compensation Committee and Report of the Audit Committee shall not be deemed to be (i) incorporated by reference into any filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that in any such filing the Company expressly incorporates such information by reference, or (ii) soliciting material or to be filed with the SEC.

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## OTHER MATTERS

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

Jonathan Friedman
*Secretary*

January 27, 2010

**A copy of the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2009, including the financial statements and the financial statement schedules thereto, is available without charge upon written request to: Corporate Secretary, Sirona Dental Systems, Inc., 30-30 47th Avenue, Suite 500, Long Island City, New York, 11101.**

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**SIRONA DENTAL SYSTEMS, INC.**

**PROXY**

**Annual Meeting of Stockholders February 25, 2010**

**(Solicited on Behalf of the Board of Directors)**

The undersigned stockholder of Sirona Dental Systems, Inc. hereby constitutes and appoints Jonathan Friedman as the attorney and proxy of the undersigned, with full power of substitution and revocation, to vote for and in the name, place and stead of the undersigned at the Annual Meeting of Stockholders of Sirona Dental Systems, Inc. (the Company ) to be held at the offices of Kirkland & Ellis LLP, 300 North LaSalle, Chicago, IL 60654 on Thursday, February 25, 2010 at 11:00 a.m., and at any adjournments thereof, the number of votes the undersigned would be entitled to cast if present.

**WHEN PROPERLY EXECUTED, THIS PROXY WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF A DIRECTOR AND FOR EACH OF THE FOLLOWING PROPOSALS.**

1. Election of three directors nominated by the Board of Directors.

¨ **FOR** the nominees listed Below (except as indicated to the contrary below)

¨ **WITHHOLD AUTHORITY** to vote for the nominees listed below

Simone Blank

Timothy D. Sheehan

Timothy P. Sullivan

_____

_____

_____

_____

2. Proposal to ratify the selection of KPMG AG, Wirtschaftsprüfungsgesellschaft, Frankfurt, Germany as the Company s independent auditor for the fiscal year ending September 30, 2010.

¨ FOR ¨ AGAINST ¨ ABSTAIN

3. In his discretion, upon such other matters as may properly come before the meeting.

Said attorneys and proxies, or their substitutes (or if only one, that one), at said meeting, or any adjournments thereof, may exercise all of the powers hereby given. Any proxy heretofore given is hereby revoked.

Receipt is acknowledged of the Notice of Annual Meeting of Stockholders, the Proxy Statement accompanying such Notice and the Annual Report to stockholders for the fiscal year ended September 30, 2009.

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_____ _____

_____, 2010 _____

Date Stockholder(s) signature(s)

_____ _____

_____, 2010 _____

Date Stockholder(s) signature(s)

Note: If shares are held jointly, both holders should sign. Attorneys, executors, administrators, trustees, guardians or others signing in a representative capacity should give their full titles. Proxies executed in the name of a corporation should be signed on behalf of the corporation by its president or other authorized officer.