

SIRONA DENTAL SYSTEMS, INC.
Form DEF 14A
January 26, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant x

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Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
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SIRONA DENTAL SYSTEMS, INC.

(Name of Registrant as Specified In Its Charter)

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

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January 26, 2007

Dear Stockholders:

You are cordially invited to attend the 2006 Annual Meeting of Stockholders of Sirona Dental Systems, Inc. (the Company), to be held on Tuesday, February 27, 2007, beginning at 10:00 a.m. New York time, at the Marriot New York East Side, 525 Lexington Avenue, New York, New York 10017.

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 2006 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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

February 27, 2007

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 Tuesday, February 27, 2007, beginning at 10:00 a.m. New York time, at the Marriot New York East Side, 525 Lexington Avenue, New York, New York 10017, 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 approving the Sirona Dental Systems, Inc. Equity Incentive Plan;
3. To vote on ratifying the selection of KPMG Deutsche Treuhand-Gesellschaft, Aktiengesellschaft, Wirtschaftspruefungsgesellschaft, Germany (KPMG) as the Company's independent auditor for the fiscal year ending September 30, 2007; and
4. To transact such other business as may properly come before the meeting or any adjournments thereof.

Only holders of record of Common Stock as of the close of business on January 4, 2007 are entitled to notice of and to vote at the meeting and any adjournments thereof.

In accordance with Delaware law, a list of the holders of Common Stock entitled to vote at the 2006 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 30-00 47th Avenue, Long Island City, New York.

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,

Gregory P. Leahy
Secretary

Long Island City, New York
January 26, 2007

TABLE OF CONTENTS

<u>INFORMATION ABOUT THE ANNUAL MEETING AND VOTING</u>	1
<u>CHANGE OF CONTROL OF THE COMPANY</u>	3
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	4
<u>PROPOSAL 2 TO APPROVE THE SIRONA DENTAL SYSTEMS, INC. EQUITY INCENTIVE PLAN</u>	12
<u>PROPOSAL 3 SELECTION OF INDEPENDENT ACCOUNTANTS</u>	19
<u>Other Information for the Annual Meeting of Sirona's Stockholders</u>	22
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	22
<u>COMPENSATION OF DIRECTORS</u>	24
<u>EXECUTIVE COMPENSATION</u>	24
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	32
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	32
<u>Appendix A: SIRONA DENTAL SYSTEMS, INC. EQUITY INCENTIVE PLAN</u>	A-1

Sirona Dental Systems, Inc.

30-00 47th Avenue

Long Island City, New York 11101

(718) 482-2011

PROXY STATEMENT

FOR

ANNUAL MEETING OF STOCKHOLDERS

To Be Held On February 27, 2007

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

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 2006 Annual Meeting of Stockholders, and at any adjournments thereof.

Attending the Annual Meeting

The Annual Meeting will be held on February 27, 2007, at 10:00 a.m., New York time, at the Marriot New York East Side, 525 Lexington Avenue, New York, New York 10017 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 February 5, 2007.

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 4, 2007 will be entitled to vote at the Annual Meeting. As of that date, a total of 54,650,283 shares of Common Stock were outstanding, each share being entitled to one vote. There is no cumulative voting.

Quorum

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock 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 represented by proxy, will have the power to 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.

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), 24 hours a day, 7 days a week, 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 proposal to approve Sirona Dental Systems, Inc.'s Equity Incentive Plan. Similarly, you may vote FOR or AGAINST or ABSTAIN from voting on the ratification of the appointment of KPMG as the Company's independent auditor.

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

- The election of our three director nominees;
- The proposal to approve the Sirona Dental Systems, Inc. Equity Incentive Plan; 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 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 Sirona Dental Systems, Inc. Equity Incentive Plan and to ratify the selection of the Company's independent auditor. 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. A broker non-vote is treated as not being entitled to vote on the matter and, therefore, is not counted for purposes of determining whether the proposal has been approved.

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.

CHANGE OF CONTROL OF THE COMPANY

On June 20, 2006, we completed the exchange transaction (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 EUR 150,992,464, in exchange for 36,972,480 shares of the Company's Common Stock. As a result of the Exchange, Sirona became a subsidiary of the Company. The Exchange was approved by the Company's stockholders at a special meeting of stockholders on June 14, 2006 and closed on June 20, 2006. In connection with the Exchange, we changed our name from Schick Technologies Inc. to Sirona Dental Systems, Inc. and changed our fiscal year end from March 31 to September 30.

The Exchange follows an earlier transaction whereby Luxco, a Luxembourg-based holding entity owned by funds managed by Madison Dearborn Partners, Beecken Petty O'Keefe, management and employees of Sirona, 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 (the MDP Transaction). The MDP Transaction closed on June 30, 2005.

As of January 4, 2007, Luxco beneficially owned 36,972,480 shares of our outstanding Common Stock, comprising 67.7% of our outstanding Common Stock as of January 4, 2007. 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 Ownership of Certain Beneficial Owners and Management for further information regarding the beneficial ownership of the shares held by Luxco.

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 Sheehan and Timothy P. Sullivan are the directors in the class whose term expires at the Annual Meeting. The Board of Directors has nominated Simone Blank, Timothy Sheehan and Timothy P. 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 Simone Blank, Timothy Sheehan and Timothy P. 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
(Term expiring at 2008 Annual Meeting)

Age 43, has served as a Director since the Exchange. 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, currently serves on the Boards of Directors of Pierre Holding Corp., 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
(Term expiring at 2008 Annual Meeting)

Age 60, 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 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 DentalCare Partners, Inc., Scrips Products Corporation and Spryance, 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
(Nominee for new term expiring at 2009 Annual Meeting)

Age 43, 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
(Term expiring at 2008 Annual Meeting)

Age 51, 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, 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
(Term expiring at 2007 Annual Meeting)

Age 83, 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. Prior to the Exchange he served as Chairman of the Audit Committee of the Board of Directors and 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.

Arthur D. Kowaloff
(Term expiring at 2008 Annual Meeting)

Age 59, 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 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 holds a Juris Doctor degree from Yale Law School.

Harry M. Jansen Kraemer, Jr.
(Term expiring at 2007 Annual Meeting)

Age 52, 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. He is a Clinical Professor of Management & Strategy at North Western 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 Evanston Northwestern Healthcare. 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 Business Council, 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 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.

Age 34, has served as a Director since the Exchange and is a member of the Nominating Committee of our Board of Directors. Mr. Sheehan is currently 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 concentrates on investments in the health care industry and currently serves on the Board of Directors of Valitas Health Services, Inc.

Timothy D. Sheehan
(Nominee for a new term expiring at 2009 Annual Meeting)

Jeffrey T. Slovin
(Term expiring at 2007 Annual Meeting)

Age 41, 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 Schick's Chief Executive Officer 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
(Nominee for a new term expiring at 2009 Annual Meeting)

Age 49, has served as a Director since the Exchange and is the Chairman of the Executive Compensation Committee and a 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 Valitas Health Services, Inc. Mr. Sullivan is also a member of the Northwestern University WAVE Board of Advisors and is on the Board of Trustees of Cristo Rey Jesuit High School and Northlight Theatre. 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.

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

Theo Haar (Executive Vice President Human Resources and Services)

Age 59, has served as Executive Vice President Human Resources and Services since the Exchange. 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. Reporting to him are the departments of Personal Administration and Accounting, Human Resources Development, the Dental Academy, Works Logistics, Customer Service and Marketing Support.

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

Board Committees and Meetings

Our current board was elected on June 21, 2006 in connection with the completion of the Exchange and held two meetings in fiscal 2006. Our previous board held 10 meetings in fiscal 2006. All of those who were members of the board at the time of our 2005 Annual Meeting of stockholders attended our last annual meeting. The Board currently has an Audit Committee, an Executive Compensation Committee, and a Nominating Committee. The Board has determined that Messrs. Hood, Kowaloff and Beecken are independent directors, as such term is defined in Rule 4200(a)(15) of the NASDAQ Marketplace Rules. The following table provides membership information as of September 30, 2006 for each of our Board committees:

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			