

SIRONA DENTAL SYSTEMS, INC.
Form DEF 14A
January 22, 2013
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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

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

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.

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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

- 2) Aggregate number of securities to which transaction applies:

- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

- 4) Proposed maximum aggregate value of transaction:

- 5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:

- 2) Form, Schedule or Registration Statement No.:

- 3) Filing Party:

4) Date Filed:

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January 22, 2013

Dear Stockholders:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Sirona Dental Systems, Inc. (the Company), to be held on Wednesday, February 20, 2013 beginning at 11:00 a.m. at the offices of Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 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 2012 Annual Report is also enclosed for your review.

I look forward to greeting you personally at the meeting.

Sincerely,

Jost Fischer

Chairman and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

February 20, 2013

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 Wednesday, February 20, 2013 beginning at 11:00 a.m., at the offices of Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, for the following purposes:

1. To elect two (2) directors to serve for three-year terms or until their respective successors are elected and qualified;
2. To ratify the selection of KPMG AG, Wirtschaftsprüfungsgesellschaft, Frankfurt, Germany (KPMG) as the Company's independent auditor for the fiscal year ending September 30, 2013;
3. To conduct an advisory vote on compensation of the Company's named executive officers as disclosed in this Proxy Statement under Other Information for the Annual Meeting of Sirona Dental Systems, Inc.'s Stockholders Compensation of Executive Officers;
4. To conduct an advisory vote on a shareholder proposal to declassify the Board of Directors of the Company;
5. 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 proposals (1), (2) and (3) above. The Board of Directors recommends a vote **AGAINST** proposal (4) above.

Only holders of record of Common Stock as of the close of business on December 24, 2012 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 of 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 20, 2013: The 2012 Proxy Statement and the Company's 2012 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 2012 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 22, 2013

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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 20, 2013

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 2012 Annual Meeting of Stockholders, and at any adjournments thereof.

Attending the Annual Meeting

The Annual Meeting will be held on February 20, 2013, at 11:00 a.m., at the offices of Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 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 22, 2013.

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 December 24, 2012 will be entitled to vote at the Annual Meeting. As of that date, a total of 54,988,951 shares of Common Stock were outstanding (excluding 1,788,292 treasury shares held by the Company), each share (excluding treasury shares 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 1-877-456-7915 and following the instructions on our proxy card;

By Internet You can vote by Internet by going to the website <http://proxy.georgeson.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 individual named on our proxy card, the proxy, 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, 2013, the approval of the compensation of the Company's named executive officers as described in this Proxy Statement under Other Information for the Annual Meeting of Sirona Dental Systems, Inc.'s Stockholders Compensation of Executive Officers and the shareholder proposal to declassify the Board of Directors of the Company.

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

FOR:

The election of our two (2) director nominees;

The ratification of the appointment of KPMG as the Company's independent auditor; and

The approval of the compensation of the Company's named executive officers as described in this Proxy Statement under Other Information for the Annual Meeting of Sirona Dental Systems, Inc.'s Stockholders Compensation of Executive Officers.

AGAINST:

The declassification of the Company's Board of Directors.

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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 two 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, to approve the advisory proposal on the compensation of the Company's named executive officers and to approve the declassification of the Company's Board of Directors. 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 person 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 (the Board) is currently composed of nine 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. Ms. Simone Blank and Mr. Timothy P. Sullivan are the directors in the class whose term expires at the Annual Meeting. Mr. Jost Fischer has indicated that he will retire as director and Chairman of the Board following the Annual Meeting on February 20, 2013. Following Mr. Fischer's retirement, Mr. Thomas Jetter will succeed Mr. Fischer as Chairman of the Board. The Board of Directors has approved the nomination of Ms. Blank and Mr. Sullivan for re-election and the two nominees have indicated a willingness to serve. The members of the two other classes of directors, with the exception of Mr. Fischer, will continue in office for their existing terms. Following the Annual Meeting, the Board will be composed of eight members divided into the three classes. 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 person named as proxy in the enclosed form of proxy will vote the proxies received by them for the election of Ms. Blank and Mr. Sullivan unless otherwise directed. In the event that any of the nominees become unavailable for election at the Annual Meeting, the person named as proxy in the enclosed form of proxy may vote for a substitute nominee in their discretion as recommended by the Board.

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

<p>David K. Beecken (Term expiring at 2014 Annual Meeting)</p>	<p>Age 66, has served as a Director since the exchange transaction (the Exchange) and has served as Chairman of the Audit Committee and member of the Finance 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 Scrip Products Corporation, ISG, Inc. and Dentistry for Children, 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. Mr. Beecken has extensive experience investing in a range of businesses and the dental industry.</p>
<p>Simone Blank (Nominee for term expiring at 2015 Annual Meeting)</p>	<p>Age 49, 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</p>

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. In May 2011, Luxco sold all of its remaining shares of Sirona common stock pursuant to an underwritten follow-on public offering.

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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. Ms. Blank has extensive experience in international business, management, leadership, financial, tax and accounting.

Jost Fischer

(Term expiring at 2014 Annual Meeting;
retiring as of February 20, 2013)

Age 58, has served as our Chairman and Chief Executive Officer and as a Director since the Exchange, and until September 20, 2010, our President. In connection with his planned retirement from the Company on February 28, 2013, Mr. Fischer will retire from his roles as Chairman and Chief Executive Officer of the Company, effective after the Annual Meeting on February 20, 2013. Prior to the Exchange, Mr. Fischer 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. Mr. Fischer has extensive experience in the dental industry, macro-economic global conditions, leadership, finance and management and maintains strategic relationships with chief executives and other senior management in the healthcare industry throughout the world.

William K. Hood

(Term expiring at 2013 Annual Meeting)

Age 89, 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. Mr. Hood has also served as a member of the Compensation Committee since May 2002. Mr. Hood served as a member of the Nominating Committee from August 2004 until June 30, 2010 when our Board of Directors replaced the Nominating Committee with the Nominating and Corporate Governance Committee. 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. Mr. Hood has extensive experience in finance, management, leadership and executive compensation.

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<p>Thomas Jetter (Term expiring at 2013 Annual Meeting)</p>	<p>Age 55, has served as a Director since April 2010 and, following Mr. Fischer's retirement, will serve as the Company's Chairman of the Board. Mr. Jetter is currently a member of the Nominating and Corporate Governance Committee and a member of the Finance Committee of our Board of Directors. From April 1995 to March 2008, Mr. Jetter was a Partner at Permira GmbH, where he initiated and managed investments in a variety of industrial, medtech and chemical companies. At Permira, Mr. Jetter gained extensive international experience as lead for investments in the chemicals sector, and helped expand the firm's global reach to include areas such as the US and China. Prior to that time, Mr. Jetter was a Senior Engagement Manager with McKinsey in Germany and Brazil, where he led projects on cost optimization, organization and strategy. Between 1985 and 1988, Mr. Jetter was an Investment Banking Associate at JP Morgan in Frankfurt and New York. Mr. Jetter holds a PhD-degree in economics/banking and an MBA from the University Saarbrücken, Germany. Mr. Jetter has extensive experience in financial transactions and international business.</p>
<p>Arthur D. Kowaloff (Term expiring at 2014 Annual Meeting)</p>	<p>Age 65, 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. Mr. Kowaloff has served as a member of the Compensation Committee of the Board of Directors since August 2011. Since the Exchange, he has served on the Nominating and Corporate Governance Committee and, until October 2011, on the Finance Committee of our Board of Directors. From October 2004 until the Exchange he served on the 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 a Trustee of Carleton College, the President and a Director of the PBP Foundation of New York, and a Director and Chairman of the Audit and Compliance and Compensation Committees of the Greater Hudson Valley Health System. Mr. Kowaloff received a B.A. from Carleton College and holds a Juris Doctor degree from Yale Law School. Mr. Kowaloff has extensive experience in capital markets, finance and corporate governance.</p>
<p>Harry M. Jansen Kraemer, Jr. (Term expiring at 2013 Annual Meeting)</p>	<p>Age 58, has served as a Director since the Exchange and is the Chairman of the Nominating and Corporate Governance Committee and member of the 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</p>

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& 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), VWR International, Inc. and Catamaran Corporation (CTRX) and is member Catamaran's Audit Committee. In addition, he serves on the board of trustees of Lawrence University, Northwestern University, the Conference Board and NorthShore University HealthSystem. He is also a member of the Dean's Advisory Board of Northwestern University's Kellogg School of Management, the Advisory Board of LEK Consulting, 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. Mr. Kraemer has extensive experience in finance, management, leadership and corporate governance.

Jeffrey T. Slovin

(Term expiring at 2013 Annual Meeting)

Age 48, has served as our President since September 20, 2010 and, following Mr. Fischer's retirement, will serve as the Company's Chief Executive Officer. Prior to September 20, 2010, Mr. Slovin served as our Executive Vice President and Chief Operating Officer of U.S. Operations since the Exchange. Prior to that time, Mr. Slovin was Chief Executive Officer of Schick Technologies, Inc. (Schick) since June 2004 and Schick's President from December 1999 to June 2004. 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. Mr. Slovin brings to the Board financial, management and leadership experience. In addition, Mr. Slovin has extensive experience in the dental industry.

Timothy P. Sullivan

(Nominee for term expiring at 2015 Annual Meeting)

Age 55, has served as a Director since the Exchange and is the Chairman of the Compensation Committee and member of the Finance Committee and Nominating and Corporate Governance Committee of our Board of

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Directors. Mr. Sullivan is a founder and Managing Director of Madison Dearborn Partners, LLC, which specializes in management buyouts and special equity investing and manages over 18 billion dollars of committed capital and portfolio investments. 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 sector and currently serves on the Board of VWR International, Inc. In addition, he is on the Board of Trustees of Northwestern University, Northwestern Memorial Hospital and United States Naval Academy Foundation and is the Chairman of Northlight Theatre. Mr. Sullivan also serves on the Finance and Investment Committees of the Archdiocese of Chicago and Cristo Rey Jesuit High School. Mr. Sullivan holds 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. Mr. Sullivan has extensive experience in financial transactions, investing in a range of businesses and the healthcare industry.

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

Rainer Berthan

(Executive Vice President)

Age 49, was promoted to Executive Vice President responsible for the Company's business segments on November 16, 2012 as part of the succession plan whereby Mr. Slovin will succeed Mr. Fischer as Chief Executive Officer following the Annual Meeting. Prior to his promotion to Executive Vice President, Mr. Berthan served as a Vice President of the Company. Prior to joining the Company in September 2012, Mr. Berthan served at Demag Cranes AG, a publicly listed Company, as Executive Vice President. From 2004 to 2008, Mr. Berthan was President of Weidmuller in China, a leading German company in the industrial automation business. Prior to those roles, Mr. Berthan held various senior management positions at leading companies. Mr. Berthan holds a Masters degree in economics from the University of Applied Science Munich, Germany.

Jonathan I. Friedman

(General Counsel and Secretary)

Age 42, 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.

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Walter Petersohn

(Executive Vice President of Sales)

Age 46, has served as Executive Vice President of Sales since September 2010. From 2003 through September 2010, Mr. Petersohn was Vice President Sales for Sirona, where he oversaw the expansion of Sirona's international presence into markets including China, Italy and Korea. Between 1999 and 2003, he served as Vice President Sales for Asia-Pacific and the Middle East and was responsible for the Company's expansion into Japan and Australia. From 1995 to 1999, Mr. Petersohn was a Product Manager and Director of Marketing for Sirona's Treatment Center Division. Mr. Petersohn received a Masters degree in history from the University of Würzburg, Germany and an MBA from the State University of New York at Albany.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF THE NOMINEES.

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On November 13, 2012, Mr. Fischer, the Company's Chairman and Chief Executive Officer informed the Board of his intention to retire from his roles as Chairman and Chief Executive Officer effective after the Annual Meeting on February 20, 2013 in connection with his retirement from the Company. Mr. Fischer has served as Chairman and Chief Executive Officer since June 2006. On November 13, 2012, the Board appointed Mr. Jeffrey Slovin to succeed Mr. Fischer as Chief Executive Officer of the Company, effective upon the conclusion of the Annual Meeting. In addition, on November 13, 2012, the Board elected Mr. Thomas Jetter to become non-executive Chairman of the Board, effective upon the conclusion of the Annual Meeting. See the section below entitled "Leadership Structure" for further information.

Board Committees and Meetings

During fiscal 2012, the Board held six meetings. At all Board meetings our independent directors meet separately without management present. All of the then current members of our Board attended the 2011 annual meeting of stockholders. The Company has no policy regarding director attendance at its Annual Meeting. A majority of the Board, consisting of Messrs. Beecken, Hood, Jetter, Kowaloff, Kraemer and Sullivan are independent directors, as such term is defined in Rule 5605(a)(2) of the NASDAQ Listing Rules. The following table provides membership information as of September 30, 2012 for the Audit, Compensation and Nominating and Corporate Governance committees of our Board:

Name	Audit	Compensation	Nominating & Corporate Governance
David K. Beecken	X*		
Simone Blank			
Jost Fischer			
William K. Hood	X	X	
Thomas Jetter			X
Arthur D. Kowaloff	X	X	X
Harry M. Jansen Kraemer, Jr.		X	X*
Jeffrey T. Slovin			
Timothy P. Sullivan		X*	X

* Committee Chairperson

Below is a description of the Audit, Compensation and Nominating and Corporate Governance committees of our Board and information regarding committee meetings held in fiscal 2012.

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 U.S. Securities and Exchange Commission (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

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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 eight times during the fiscal year ended September 30, 2012.

Compensation Committee. The Compensation Committee has oversight responsibility relating to the compensation of our executive officers and directors and the administration of awards under our 2006 Equity Incentive Plan. Specifically, the Compensation Committee is responsible for retaining or obtaining the advice of a compensation consultant, legal counsel or other adviser and is responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other advisers retained in the compensation committee. In August 2011, our Board expanded the number of members of the Compensation Committee from three to four directors. Our Compensation Committee is now composed of Messrs. Hood, Kraemer, Sullivan and Kowaloff. Our Board has determined that Messrs. Hood, Kraemer, Sullivan and Kowaloff are independent directors as such term is defined in Rule 5605(a)(2) of the NASDAQ Listing Rules and, as a result, the Compensation Committee is comprised solely of independent directors. The Compensation Committee met eight times during the fiscal year ended September 30, 2012. A copy of our Compensation Committee Charter can be found on our corporate website at www.sirona.com.

In October 2007, the Compensation Committee retained independent 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 (this included Mr. Fischer, Ms. Blank and Mr. Slovin) and to recommend changes to the Company's compensation program for 2008. The Compensation Committee sought to develop a more unified compensation plan for the new combined company of Sirona and Schick. In addition, the Compensation Committee sought to develop a compensation structure better aligned with public company market practice. Based on its review of PM&P findings, the 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 Other Information for the Annual Meeting of Sirona Dental Systems, Inc.'s Stockholders Compensation of Executive Officers Compensation Discussion and Analysis below.

Further, in May 2008, the Compensation Committee retained PM&P to provide advice and recommendations with respect to the market competitiveness of our non-employee director compensation program. Based on its review of PM&P's findings, the Compensation Committee decided to modify Sirona's non-employee director compensation program to better align 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 October 2010, the Compensation Committee retained PM&P to provide advice and recommendations with respect to the compensation of our named executive officers as described under Compensation of Executive Officers Compensation Discussion and Analysis. Resulting compensation program changes were adopted for fiscal 2011. As an update to the fiscal 2008 non-employee director compensation analysis, the Compensation Committee retained PM&P in June 2011 in order to assess the market competitiveness of the Company's director compensation program. The Compensation Committee again retained PM&P in October 2011 (fiscal 2012) to update its named executive officer competitive benchmarking assessment in order to validate fiscal 2011 program changes and determine the degree of market movement. The Compensation Committee did not make any subsequent adjustments, other than for Mr. Petersohn, to the compensation structure for the named executive officers, but did increase base salaries for fiscal 2012 to better align total compensation with the Company's stated compensation philosophy and market levels. Although no formal reviews of named executive officer or non-employee director compensation have been conducted, to date, for fiscal 2013, PM&P

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was retained by the Compensation Committee to provide advice on CEO succession planning matters. Other than as described above, PM&P performs no other services for the Company or Company's management.

Compensation Committee Interlocks and Insider Participation. No member of the Compensation Committee is an officer or employee, or former officer or employee, of our Company or any of our subsidiaries. No interlocking relationship existed during the fiscal year ended September 30, 2012 between the members of our Board or Compensation Committee and the board of directors or compensation committee of any other company, nor have any other compensation committee interlocks existed in the past.

Nominating and Corporate Governance Committee. The former Nominating Committee was established by resolution of our Board on August 3, 2004. On July 30, 2010, our Board replaced the Nominating Committee with the Nominating and Corporate Governance Committee. Our Board reduced the number of members of the Nominating and Corporate Governance Committee to four directors: Messrs. Jetter, Kowaloff, Kraemer and Sullivan. The functions of the Nominating and Corporate Governance Committee are to (i) establish criteria for selecting candidates for nomination to our Board and actively seek candidates who meet those criteria, (ii) recommend nominees to our Board and (iii) advise the Board on corporate governance matters and Board performance matters. The Nominating and Corporate Governance 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. The Company's Corporate Governance Guidelines provide that directors should be selected so that the Board is a diverse body, with diversity reflecting gender, ethnic background, country of citizenship and professional experience. The Nominating and Corporate Governance Committee does not discriminate on the basis of race, gender or ethnicity. The Nominating and Corporate Governance Committee will establish procedures by which it will exercise oversight of the evaluation of the Board and management. The Nominating and Corporate Governance Committee will also establish procedures for the Board, on at least an annual basis, to evaluate the Board's performance and to make any recommendations to the Board that the Committee deems appropriate regarding improvements of the Board's operations. Our Board determined that Messrs. Jetter, Kowaloff, Kraemer and Sullivan are independent directors as such term is defined in Rule 5605(a)(2) of the NASDAQ Listing Rules and, as a result, the Nominating and Corporate Governance Committee is comprised of solely independent directors. The Nominating and Corporate Governance 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 and Corporate Governance 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 and Corporate Governance Committee Charter can be found on our corporate website at www.sirona.com. The Nominating and Corporate Governance Committee met five times in the fiscal year ended September 30, 2012.

Attendance at Board and Committee Meetings. Each of our directors attended all meetings of the Board during the fiscal year ended September 30, 2012. In addition, with the exception of Mr. Beecken's absence from one audit committee meeting, each of our directors attended all meetings held by all committees of the Board on which such director served during the fiscal year ended September 30, 2012.

Corporate Governance Guidelines

The Board of Directors adopted Corporate Governance Guidelines, a copy of which is available on our Internet website at www.sirona.com. Our Corporate Governance Guidelines address topics such as (i) the role and responsibilities of the Board of Directors, (ii) the definition of independence, (iii) the selection of Board of Director nominees, (iv) Board membership criteria, (v) Board leadership (vi) Board meetings (vii) committees,

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(viii) director compensation (ix) orientation and continuing education of directors, (x) management development and succession planning, (xi) attendance of directors at the annual meeting of stockholders, (xii) directors' access to management and independent advisors, (xiii) evaluation of the Board of Directors and committees and (xiv) submission of director resignations.

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 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, 2012 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, 2012 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, 2013.

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

David K. Beecken, Chairman

William K. Hood

Arthur D. Kowaloff

Leadership Structure

Our Board is committed to adopting governance policies and practices that promote the most effective and ethical management of the Company. In that regard, the Board believes that it is important to retain maximum flexibility to determine the Company's optimal leadership structure and to choose the best qualified person(s) to serve in the roles of Chief Executive Officer and Chairman of the Board. Accordingly, the Board originally decided not to separate the roles of Chief Executive Officer and Chairman of the Board.

During 2012, the Board believed that a combined Chairman/CEO role helped provide strong, unified leadership for our management team and Board. Mr. Fischer was well situated given his role as Chairman to guide the overall strategic direction of the Company and focus the Board on the risks that the Company faces as well as strategic opportunities for the Company. However, the directors considered the Board's leadership structure in connection with Mr. Fischer's announced retirement and the Board determined that the designation of an independent, non-executive Chairman is the current optimal leadership structure for the Company because it will provide the Board with independent leadership and will allow Mr. Slovin, the Company's incoming Chief Executive Officer, to concentrate on the Company's business operations. The leadership structure has no impact on the Board's oversight of risk. The independent directors elected Mr. Jetter, who has served as a director since April 2010, to act as Chairman of the Board following the Annual Meeting on February 20, 2013.

Given the appointment of Mr. Jetter as our independent Chairman of the Board, the Company does not have a lead independent director. We recognize that different board leadership structures may be appropriate for companies in different situations and believe that no one structure is suitable for all companies. Because the leadership structure that is appropriate for a company can also change over time, we intend to review our leadership structure annually to determine if it is the most appropriate one for the Company.

Risk Oversight

Our Board is responsible for overseeing the Company's risk management process. The Board focuses on the Company's general risk management strategy, the most significant risks facing the Company, and ensures that appropriate risk mitigation strategies are implemented by management. The Board is also apprised of particular risk management matters in connection with its general oversight and approval of corporate matters.

The Board has delegated to the Audit Committee oversight of the Company's risk management process. Among its duties, the Audit Committee (a) reviews with management Company policies with respect to risk assessment and management of risks that may be material to the Company, including the risk of fraud, (b) reviews the integrity of the Company's financial reporting processes, both internal and external, including reviewing management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year, (c) reviews the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures and (d) the Company's compliance with legal and regulatory requirements. The Audit Committee is also responsible for reviewing major legislative and regulatory developments that could materially impact the Company's contingent liabilities and risks. Our other Board committees also consider and address risk as they perform their respective committee responsibilities. All committees report to the full Board as appropriate, including when a matter rises to the level of a material or enterprise level risk.

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The Company's management is responsible for day-to-day risk management. Our Internal Audit area serves as the primary monitoring and testing function for company-wide policies and procedures, and manages the day-to-day oversight of the risk management strategy for the ongoing business of the Company. This oversight includes identifying, evaluating, and addressing potential risks that may exist at the enterprise, strategic, financial, operational, and compliance and reporting levels.

We believe the division of risk management responsibilities described above is an effective approach for addressing the risks facing the Company and that our Board leadership structure supports this approach.

Table of Contents**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, 2013 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, 2012.

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, 2012 and 2011 were:

	2012	2011
	(in thousands)	
Audit Fees	\$ 1,311.8	\$ 1,359.3
Audit-Related Fees	10.1	320.7
Tax Fees		25.0
All Other Fees	47.5	
Total Fees	\$ 1,369.4	\$ 1,705.0

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, 2012 and September 30, 2011, audit fees included fees for professional services and expenses relating to the reviews of our quarterly financial statements for the quarters ended December 31, 2010 through June 30, 2012 on Form 10-Q and the audit of our annual financial statements and effectiveness of our internal controls over financial reporting, included in our Annual Report on Form 10-K for each of fiscal years 2012 and 2011.

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, debt covenant compliance attestations, and electronic and other filings of local statutory financial statements.

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

All Other Fees include time billed to the Company for professional services and expenses primarily related to accounting and tax due diligences performed in connection with business acquisition activities.

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All fees are agreed in Euro. Total fees billed amounted to 1,059.7 and 1,263.2 (in thousands) in fiscal 2012 and fiscal 2011, respectively (or \$1,369.4 and \$1,705.0, in thousands, using an exchange rate of 1.2922 and 1.3497 in fiscal 2012 and 2011, respectively).

No other professional services were rendered or fees were billed by KPMG for the years ended September 30, 2012 and 2011.

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 services for fiscal 2012 and 2011 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 UNANIMOUSLY RECOMMENDS A VOTE FOR RATIFICATION OF THE SELECTION OF KPMG AS THE COMPANY'S INDEPENDENT AUDITOR FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013.

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**PROPOSAL 3 ADVISORY VOTE ON APPROVAL OF THE COMPENSATION OF
THE COMPANY S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN
THIS PROXY STATEMENT UNDER OTHER INFORMATION
FOR THE ANNUAL MEETING OF SIRONA DENTAL SYSTEMS, INC. S
STOCKHOLDERS COMPENSATION OF EXECUTIVE OFFICERS**

The Board of Directors believes that the Company s compensation policies and procedures are centered on a pay-for-performance culture and are strongly aligned with the long-term interests of stockholders. You are urged to read the Compensation Discussion and Analysis section of this Proxy Statement for additional details on the Company s executive compensation, including the Company s philosophy and objectives and the 2012 compensation of the named executive officers.

Congress enacted legislation requiring a non-binding advisory say-on-pay vote on executive compensation beginning in 2011. In light of the results of the stockholder s non-binding advisory vote at the Annual Meeting of the Stockholders for the fiscal year ended in 2010 (the 2010 Annual Meeting) with respect to the frequency with which stockholders will vote for the approval of the compensation of the Company s named executive officers, the Company currently intends to hold an annual non-binding advisory vote on such named executive officer compensation. This proposal gives you as a stockholder the opportunity to endorse or not endorse our executive pay program through the following resolution:

Resolved, that the stockholders approve, on an advisory basis, the compensation of the Company s named executive officers as disclosed in this Proxy Statement.

As an advisory vote, this proposal is non-binding. However, the Board of Directors and the Compensation Committee value the opinions of stockholders and will consider the outcome of the vote when making future compensation decisions for the named executive officers.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF THE
COMPANY S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT UNDER OTHER
INFORMATION FOR THE ANNUAL MEETING OF SIRONA DENTAL SYSTEMS, INC. S STOCKHOLDERS COMPENSATION
OF EXECUTIVE OFFICERS .**

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**PROPOSAL 4 ADVISORY VOTE ON SHAREHOLDER PROPOSAL TO DECLASSIFY THE
BOARD OF DIRECTORS**

The Pension Reserves Investment Trust Fund (PRIT), owner of at least \$2,000 in market value of the common shares of the Company for more than one year as of August 7, 2012, which is represented by its trustee, the Pension Reserves Investment Management Board (PRIM), located at 84 State Street, Second Floor, Boston, Massachusetts 02109, has notified the Company that it intends to present a proposal for consideration at the Annual Meeting. As required by the Exchange Act, the text of the stockholder proposal and supporting statement appear as submitted to the Company by the proponent. The Board and the Company accept no responsibility for the contents of the proposal or the supporting statement.

PROPOSAL TO REPEAL CLASSIFIED BOARD

RESOLVED, that the shareholders of Sirona Dental Systems, Inc. urge the Board of Directors to take all necessary steps (other than any steps that must be taken by shareholders) to eliminate the classification of the Board of Directors and to require that all directors elected at or after the annual meeting held in 2014 be elected on an annual basis. Implementation of this proposal should not prevent any director elected prior to the annual meeting held in 2014 from completing the term for which such director was elected.

SUPPORTING STATEMENT

This resolution was submitted on behalf of the Pension Reserves Investment Trust Fund by its trustee, the Pension Reserves Investment Management Board. The Shareholder Rights Project represented and advised the Pension Reserves Investment Management Board in connection with this resolution.

The resolution urges the board of directors to facilitate a declassification of the board. Such a change would enable shareholders to register their views on the performance of all directors at each annual meeting. Having directors stand for elections annually makes directors more accountable to shareholders, and could thereby contribute to improving performance and increasing firm value.

According to data from FactSet Research Systems, the number of S&P 500 companies with classified boards declined by more than 60% since 2000, and the average percentage of votes cast in favor of shareholder proposals to declassify the boards of S&P 500 companies during 2010 and 2011 exceeded 75%.

The significant shareholder support for declassification proposals is consistent with empirical studies reporting that:

Classified boards are associated with lower firm valuation (Bebchuk and Cohen, 2005; confirmed by Faleye (2007) and Frakes (2007));

Takeover targets with classified boards are associated with lower gains to shareholders (Bebchuk, Coates, and Subramanian, 2007);

Firms with classified boards are more likely to be associated with value-decreasing acquisition decisions (Masulis, Wang, and Xie, 2007) and

Classified boards are associated with lower sensitivity of compensation to performance and lower sensitivity to CEO turnover to firm performance (Faleye, 2007).

Although one study (Bates, Becher and Lemmon, 2008) reports that classified boards are associated with higher takeover premiums, this study also reports that classified boards are associated with a lower likelihood of an acquisition and that classified boards are associated with lower firm valuation.

Please vote for this proposal to make directors more accountable to shareholders.

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BOARD OF DIRECTORS STATEMENT IN OPPOSITION

The Board unanimously recommends a vote AGAINST the advisory proposal to repeal the classified Board.

The Board is committed to strong corporate governance policies. The Board's Nominating and Corporate Governance Committee, composed entirely of independent directors, regularly reviews the Company's governance guidelines and evaluates corporate governance issues affecting the Company, including our current classified board structure. In connection with its consideration of this shareholder proposal, the Committee considered the history and purpose of the classified board structure, the current industry environment and the independent research that has been conducted on the effects of a classified board. After careful consideration, the Committee strongly believes that abolishing the Company's classified Board is **not** in the best interest of the Company or its shareholders and recommends that you vote **AGAINST** this proposal. The reasons for our recommendation are set forth below.

Board Continuity, Stability and Experience. The classified board structure is designed to provide stability, enhanced long-term planning and ensure that, at any given time, there are directors serving on the Board who are familiar with the Company, its business, and its long-term strategic goals. A classified board ensures that a majority of its directors at any time will have prior experience and in-depth knowledge of the Company and its strategic goals. A classified board helps the Company attract and retain highly qualified director candidates willing to invest the time necessary to understand the Company's operations. This lasting dedication allows the Company to achieve our strategic goals and provide long-term shareholder value. Abrupt changes in corporate policies based on short-term objectives of the special interests of a select group of shareholders may unnecessarily disrupt these goals and our ability to maximize shareholder value.

Director Quality and Independence. The classified board structure strengthens the ability of the Company to recruit high quality directors who are willing to make a significant commitment to the Company and its shareholders for the long term. It is particularly important that directors make the commitment to serve for a three-year term given the time required to properly understand the Company's operations and its industry. Experienced directors who are knowledgeable about the Company's business are better positioned to make decisions that are in the best interests of the Company and its shareholders. In addition, we believe that three-year terms enhance the independence of directors and promote better governance by providing them with a longer assured time in office, thereby insulating them from the pressures of management or special interest groups who might have an agenda contrary to the long term interests of all shareholders. Furthermore, given the current climate in which many qualified individuals are increasingly reluctant to serve on boards of public companies, the Company could be placed at a competitive disadvantage in recruiting qualified director candidates if such candidates are concerned that their service could potentially be cut short after only one year.

Prevent Unsolicited Takeovers. A classified board helps protect shareholder value in the case of an unsolicited takeover proposal at an unfair price. A classified board permits a more orderly process for directors to consider any alternatives to maximize shareholder value by encouraging those who may seek to acquire control of the Company to initiate such actions through the Board. Without a classified board, a potential acquirer could gain control of the Company by replacing a majority of the Board with its own slate of nominees at a single annual meeting. This new board could then approve a takeover proposal from the acquirer even if the price did not adequately reflect the true value of the Company. The presence of a classified board protects shareholders from this abusive tactic by encouraging potential acquirers to negotiate with the existing Board at an arms-length basis, enabling the Board to negotiate a higher price and more favorable terms. A classified board structure will not preclude unsolicited acquisition proposals, *however*, by eliminating the threat of imminent removal, it allows directors to maximize the value of a potential acquisition by giving the Company time and bargaining leverage to evaluate and negotiate the adequacy and fairness of any takeover proposal.

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Accountability to Shareholders. The shareholder proposal states that annual elections make directors more accountable to shareholders. Our directors, however, have been and continue to be accountable to the Company and its shareholders under the classified board structure. Every director is required to act in accordance with his or her fiduciary duties to the Company and its shareholders, regardless of how often he or she stands for election. The Board has implemented broad measures to ensure accountability of its directors, including the adoption of the Code of Ethics. The Board is sensitive to important shareholder issues and has established ways for shareholders to communicate such issues directly to the Board. Even with a classified board, shareholders have considerable influence over board composition. Shareholders have the ability to elect a majority of the Board within two consecutive annual meetings, which could occur within as little as twelve months. This ability provides shareholders with considerable influence over the affairs of the Company and holds the directors accountable for their actions. As a result, the stability and continuity benefits of a classified board structure described above do not require any sacrifices of director accountability.

The Company's Strong Performance. The proponent's suggestion that classified boards are associated with lower firm valuation is inconsistent with the Company's sustained record of strong performance. The chart below shows the increase in value of the common stock relative to the Russell 2000 Index and the Dow Jones US Medical Equipment Index from September 30, 2007 through September 30, 2012, the end of the Company's fiscal year. The graph assumes investments of \$100 on September 30, 2007, at the last trading day of the fiscal year, in the Company's common stock, the Russell 2000 Index and the US Medical Equipment Index and assumes the reinvestment of all dividends:

* \$100 invested on 9/30/2007 in stock or index-including reinvestment of dividends.

	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011	9/30/2012
Sirona Dental Systems Inc.	\$ 100.00	\$ 65.26	\$ 83.40	\$ 101.04	\$ 118.90	\$ 159.69
Russell 2000	100.00	85.52	77.35	87.68	84.58	111.57
Dow Jones US Medical Equipment	100.00	96.10	80.34	81.10	84.82	105.02

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As a rationale for declassifying the Board of Directors, the proponent states that, in recent years, the number of S&P companies with classified boards declined by more than 60% since 2000. However, given that the Company has sustained a record of strong performance in recent years, we believe that changing the Company's long-standing governance structure simply to fall in line with S&P 500 companies would be a considerable disservice to our shareholders.

No One-Size Fits All Approach. The proponent cites certain academic studies to support the assertion that classified boards have an adverse impact on companies. We respect the commitment Professor Bebchuk and his fellow academicians have regarding the issues of classified boards. However, this is a complicated issue with well-qualified and responsible experts on each side. Our Board does not blindly follow the trends of other companies. The fact that many large companies have taken steps to declassify their boards is not, in the Board's judgment, a persuasive reason for the Company to undertake the same initiatives, as this one-size-fits-all view does not take into account the differences among companies, their directors and managements and the industries in which they operate. We urge shareholders to evaluate this proposal based on the Company's specific circumstances.

Approval of the Proposal Would Not Declassify the Board. It is important to note that, if approved, this proposal would not automatically eliminate the Company's classified Board. This proposal is non-binding and requests that the Board take the steps necessary to eliminate the classified Board. In order to eliminate the classified Board, a formal amendment to our Certificate of Incorporation would need to be recommended by the Board and submitted to shareholders for approval at a subsequent meeting of the shareholders.

After careful consideration of this proposal, the Board believes that retention of the classified Board structure remains in the best interest of the Company and its shareholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE AGAINST

APPROVAL OF THE SHAREHOLDER PROPOSAL TO DECLASSIFY THE COMPANY'S

BOARD OF DIRECTORS.

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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 December 24, 2012, certain information regarding the ownership of the Common Stock of the Company by (1) each of our named 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
Neuberger Berman Group LLC ⁽²⁾	4,154,783	7.5%
Ruane, Cunniff & Goldfarb, Inc. ⁽³⁾	2,918,603	5.3%
Vanguard Group, Inc. ⁽⁴⁾	2,911,101	5.3%
Jost Fischer ⁽⁵⁾	256,807	*
Jeffrey T. Slovin ⁽⁶⁾	685,507	1.2%
Simone Blank ⁽⁷⁾	184,874	*
Jonathan Friedman ⁽⁸⁾	49,166	*
Walter Petersohn ⁽⁹⁾	46,695	*
David K. Beecken ⁽¹⁰⁾	9,333	*
William K. Hood ⁽¹¹⁾	47,666	*
Thomas Jetter ⁽¹²⁾	4,333	*
Arthur D. Kowaloff ⁽¹³⁾	59,333	*
Harry M. Jansen Kraemer, Jr. ⁽¹⁴⁾	79,333	*
Timothy P. Sullivan ⁽¹⁵⁾	1,000	*
All current executive officers and directors as a group (13 persons) ⁽¹⁶⁾	1,424,047	2.5%

* 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 December 24, 2012 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) According to a Schedule 13F filed by Neuberger Berman Group LLC with the SEC for the quarter ended September 30, 2012. The address for Neuberger Berman Group LLC is 605 Third Avenue, New York, New York 10158.
- (3) According to a Schedule 13F filed by Ruane, Cunniff & Goldfarb, Inc. with the SEC for the quarter ended September 30, 2012. The address for Ruane, Cunniff & Goldfarb, Inc. is 767 Fifth Avenue, New York, New York 10153-0109.
- (4) According to a Schedule 13F filed by Vanguard Group, Inc. with the SEC for the quarter ended September 30, 2012. The address for Vanguard Group, Inc. is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355-2331.
- (5) Includes 25,050 shares purchased on the open market by Mr. Fischer; 215,625 shares issuable upon the exercise of options granted to Mr. Fischer; 5,083 Restricted Stock Units that vested on December 8, 2011; 5,966 Restricted Stock Units that vested on November 23, 2012 and 5,083 Restricted Stock Units that vested on December 8, 2012.
- (6) Includes 10,000 shares purchased on the open market by Mr. Slovin; 664,125 shares issuable upon the exercise of options granted to Mr. Slovin; 3,422 Restricted Stock Units that vested on December 8, 2011; 4,041 Restricted Stock Units that vested on November 23, 2012 and 3,919 Restricted Stock Units that vested on December 8, 2012.

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- (7) Includes 18,750 shares purchased on the open market by Ms. Blank; 156,875 shares issuable upon the exercise of options granted to Ms. Blank; 3,083 Restricted Stock Units that vested on December 8, 2011; 3,083 Restricted Stock Units that vested on November 23, 2012 and 3,083 Restricted Stock Units that vested on December 8, 2012.
- (8) Includes 17,000 shares purchased on the open market by Mr. Friedman; 25,276 options exercised by Mr. Friedman; 4,406 shares issuable upon the exercise of options granted to Mr. Friedman; 814 Restricted Stock Units that vested on December 8, 2011; 797 Restricted Stock Units that vested on November 23, 2012 and 873 Restricted Stock Units that vested on December 8, 2012.
- (9) Includes 1,300 shares purchased on the open market by Mr. Petersohn; 42,396 shares issuable upon the exercise of options granted to Mr. Petersohn; 833 Restricted Stock Units vested on January 1, 2012 and 2,166 Restricted Stock Units that vested on January 1, 2013.
- (10) Includes 5,000 shares purchased on the open market by Mr. Beecken; 1,667 Restricted Stock Units that vested on May 10, 2011; 1,666 Restricted Stock Units that vested on May 10, 2012 and 1,000 Restricted Stock Units that vested on June 14, 2012.
- (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; 30,000 shares issuable upon the exercise of stock options granted to Mr. Hood under the Company's 2006 Plan; 1,666 Restricted Stock Units that vested on May 10, 2012 and 1,000 Restricted Stock Units that vested on June 14, 2012.
- (12) Includes 1,667 Restricted Stock Units that vested on May 10, 2011; 1,666 Restricted Stock Units that vested on May 10, 2012 and 1,000 Restricted Stock Units that vested on June 14, 2012.
- (13) 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; 40,000 shares issuable upon the exercise of stock options granted to Mr. Kowaloff pursuant to the Company's 2006 Plan; 1,667 Restricted Stock Units that vested on May 10, 2011; 1,666 Restricted Stock Units that vested on May 10, 2012 and 1,000 Restricted Stock Units that vested on June 14, 2012.
- (14) 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; 60,000 shares issuable upon the exercise of stock options granted to Mr. Kraemer under the Company's 2006 Plan; 1,667 Restricted Stock Units that vested on May 10, 2011; 1,666 Restricted Stock Units that vested on May 10, 2012 and 1,000 Restricted Stock Units that vested on June 14, 2012.
- (15) Includes 1,000 Restricted Stock Units that vested on June 14, 2012.
- (16) Includes 1,258,427 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 2012. 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.

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, 2012, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with.

Equity Compensation Plan Information

The following table sets forth the following information, as of September 30, 2012, 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

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options, warrants and rights; the weighted-average exercise price of such options, warrants and rights; and, other than the securities to be issued 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	2,157,113	17.63	999,432
Equity compensation plans not approved by security holders			
Total	2,157,113	17.63	999,432

Compensation of Directors

In May 2008, the 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 Compensation Committee implemented, beginning in fiscal 2009, changes to the compensation structure of our non-employee directors. In October 2011, PM&P updated its competitive benchmarking review and the Company adopted the following compensation program for fiscal 2012 to better align compensation levels and cash/equity mix with the market:

\$50,000: Annual Cash Retainer (increase from \$35,000)

\$15,000: Audit Chairman Retainer (no change)

\$5,000: Committee Member Retainers (no change)

3,200 RSUs: Annual Equity Award (decreased from 5,000 RSUs)

All non-employee directors received director fees in fiscal 2012. Directors who are also our paid employees are not separately compensated for any services they provide as directors.

On May 8, 2012, Messrs. Beecken, Hood, Jetter, Kowaloff, Kraemer and Sullivan received an award of 3,200 RSUs pursuant to the Company's 2006 Plan. The RSUs vest in three equal annual installments beginning on May 8, 2013. The compensation earned by our non-employee directors for the fiscal year ended September 30, 2012 is summarized as follows:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified	All Other Compensation (\$)	Total (\$)
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	Deferred Compensation Earnings (\$)		
Nicholas W. Alexos ⁽²⁾	25,000		25,000
David K. Beecken	65,000	157,184	222,184
William K. Hood	60,000	157,184	217,184
Thomas Jetter	53,750	157,184	210,934
Arthur D. Kowaloff	60,000	157,184	217,184
Harry M. Jansen Kraemer, Jr.	55,000	157,184	212,184
Timothy D. Sheehan ⁽²⁾	25,000		25,000
Timothy P. Sullivan	55,000	157,184	212,184

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- (1) These amounts reflect the grant date fair value of the restricted stock units calculated in accordance with applicable standards for financial statement reporting purposes for the fiscal year ended September 30, 2012 in accordance with FASB ASC Topic 718, Compensation-Stock Compensation. The following are the aggregate number of unvested restricted stock units held by each of our non-employee directors as of September 30, 2012: Mr. Beecken: 6,867 ; Mr. Hood: 6,867; Mr. Jetter: 6,867; Mr. Kowaloff: 6,867; Mr. Kraemer: 6,867; and Mr. Sullivan: 5,200.
- (2) Messrs. Alexos and Sheehan resigned from the Board of Directors as of January 18, 2012.
- (3) As of September 30, 2012, 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
David K. Beecken	75,000		75,000
William K. Hood	45,000		45,000
Thomas Jetter			
Arthur D. Kowaloff	55,000		55,000
Harry M. Jansen Kraemer, Jr.	75,000		75,000
Timothy P. Sullivan			

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. In order to align the compensation delivered to these executives with shareholder interests, a significant portion (approximately 67% of total target compensation) is variable (short- and long-term incentives) and based on corporate performance. As a result, the 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 Compensation Committee has developed a compensation program for the named executive officers (NEOs) generally consisting of base salary, annual cash bonus and long-term incentive compensation in the form of stock option, restricted shares and/or restricted stock units. The target total compensation pay mix for the Chairman and CEO, Jost Fischer, is:

Base Salary: 23%

Annual Cash Bonus: 23%

Long-term Incentive: 54%

The average total compensation pay mix for the other NEOs is structured to be:

Base Salary: 32%

Annual Cash Bonus: 20%

Long-term Incentive: 48%

The Compensation Committee believes that placing heavier weight on long-term incentives helps ensure strong alignment with creating long-term value for shareholders.

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Say-on-Frequency and Say-on-Pay

Consistent with the desire of the shareholders (per the Say-on-Frequency vote in early 2011), Sirona has adopted the practice of conducting an annual