

SCHICK TECHNOLOGIES INC  
Form PREM14A  
February 10, 2006

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**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

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

Schick Technologies, Inc.

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(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
  - (1) Title of each class of securities to which transaction applies: common stock of Schick Technologies, Inc.  

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  - (2) Aggregate number of securities to which transaction applies: 36,972,480 shares of common stock of Schick Technologies, Inc.  

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  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): per share price of \$39.10, calculated by multiplying the average of the high and low prices of the Registrant's common stock on February 9, 2006 as reported on the Nasdaq National Market. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying .000107 by the sum of the preceding sentence.  

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  - (4) Proposed maximum aggregate value of transaction: \$1,445,623,968  

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  - (5) Total fee paid: \$154,682  

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- Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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[PRELIMINARY COPY]

**SCHICK TECHNOLOGIES, INC.**

30-00 47<sup>th</sup> Avenue  
Long Island City, New York 11101  
(718) 937-5765

, 2006

Dear Stockholder of Schick Technologies, Inc.:

We invite you to attend a special meeting of stockholders of Schick Technologies, Inc. to be held at Schick's offices, located at 30-00 47<sup>th</sup> Avenue, 5<sup>th</sup> floor, Long Island City, New York 11101, at 10:00 a.m., Eastern Standard Time, on \_\_\_\_\_, 2006. Holders of record of Schick common stock at the close of business on \_\_\_\_\_, 2006 will be entitled to vote at the special meeting or any adjournment of the special meeting.

On September 25, 2005, Schick entered into an Exchange Agreement with Sirona Holdings Luxco S.C.A. (referred to in the enclosed proxy statement as Luxco) and Sirona Holding GmbH (referred to in the enclosed proxy statement as Sirona) providing for the issuance of 36,972,480 shares of Schick common stock to Luxco in exchange for Luxco's entire economic interest in Sirona, which consists of all of the issued and outstanding share capital of Sirona and the existing indebtedness of Sirona owed to Luxco in the principal amount of 150,992,464. As a result of the transactions contemplated by the Exchange Agreement, Sirona will become a subsidiary of Schick, Luxco will become the majority stockholder of Schick and the indebtedness will become inter-company indebtedness of Sirona owed to Schick that will be eliminated on the consolidated balance sheet of the combined company. At the special meeting, we will ask you to approve the Exchange Agreement and other matters relating to the transactions contemplated by the Exchange Agreement, including amending our Amended and Restated Certificate of Incorporation to increase our authorized shares of capital stock and to change our corporate name to Sirona Dental Systems, Inc., and amending our 1996 Stock Option Plan.

We will not be able to complete the transactions unless all of the conditions to closing contemplated by the Exchange Agreement are satisfied, including the approval of the issuance of shares of our common stock by holders of a majority of the outstanding shares of our common stock.

**Our Board of Directors unanimously determined that the transactions contemplated by the Exchange Agreement are advisable and that the issuance of shares of our common stock pursuant to the transactions contemplated by the Exchange Agreement and related agreements is fair to, and in the best interests of, our stockholders. Our Board unanimously recommends that our stockholders vote FOR the approval of the Exchange Agreement and the transactions under the Exchange Agreement and related matters.**

In arriving at its recommendation, our Board carefully considered various factors described in the accompanying proxy statement. One of the factors considered was the written opinion of UBS Securities LLC, which acted as our financial advisor in connection with the transactions, that as of September 25, 2005, and based upon the qualifications, limitations and assumptions set forth in the opinion, the shares of common stock to be issued by Schick to Luxco pursuant to the Exchange Agreement, are fair, from a financial point of view, to the holders of Schick's common stock. The full text of this opinion is attached as Annex B to the accompanying proxy statement, and the opinion should be carefully read in its entirety. UBS provided its opinion solely for the information and assistance of our Board in connection with its consideration of the transactions under the Exchange Agreement. UBS' opinion is not a recommendation as to how any holder of our common stock or any other person should vote or act with respect to the transactions under the Exchange Agreement.

The proxy statement attached to this letter provides you with information about the proposed transactions under the Exchange Agreement and other actions to be taken at the special meeting of Schick stockholders. **Before voting, we urge you to read the entire proxy statement carefully, including the section entitled Risk Factors.** You may also obtain more information about Schick from documents we have filed with the Securities and Exchange Commission.

The ability to have your vote counted at the meeting is an important stockholder right. Regardless of the number of shares you hold, and whether or not you plan to attend the meeting, your vote is very important and we

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hope that you will cast your vote. If you are a stockholder of record, you may vote in person at the special meeting or by proxy by mailing the enclosed proxy card in the envelope provided or appointing a proxy over the Internet or by telephone as instructed in these materials. You will find voting instructions in the proxy statement and on the enclosed proxy card. If your shares are held in street name that is, held for your account by a broker or other nominee you will receive instructions from the holder of record that you must follow for your shares to be voted.

On behalf of our Board, thank you for your ongoing support and continued interest in Schick Technologies, Inc.

Sincerely,

[signature]

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Jeffrey T. Slovin  
*President and Chief Executive Officer*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the transactions contemplated by the Exchange Agreement, passed upon the merits or fairness of the Exchange Agreement or the transactions contemplated thereby, or passed upon the adequacy or accuracy of the enclosed proxy statement. Any representation to the contrary is a criminal offense.

This proxy statement is dated \_\_\_\_\_, 2006 and is being first mailed to stockholders on or about \_\_\_\_\_, 2006.

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**SCHICK TECHNOLOGIES, INC.**

**NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD \_\_\_\_\_, 2006**

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of Schick Technologies, Inc., a Delaware corporation, will be held on \_\_\_\_\_, \_\_\_\_\_, 2006 at 10:00 a.m. Eastern Standard Time, at our offices, located at 30-00 47<sup>th</sup> Avenue, 5<sup>th</sup> floor, Long Island City, New York 11101, for the following purposes, as more fully described in the proxy statement accompanying this notice:

1. To approve the Exchange Agreement, dated as of September 25, 2005, by and among Schick, Luxco and Sirona, and the issuance of 36,972,480 shares of Schick common stock to Luxco in accordance with the terms of the Exchange Agreement in exchange for Luxco's entire economic interest in Sirona, which consists of all of the issued and outstanding share capital of Sirona and the existing indebtedness of Sirona owed to Luxco, in the principal amount of 150,992,464.

2. To approve an amendment to Schick's Amended and Restated Certificate of Incorporation to increase Schick's authorized capital stock to a total of 100,000,000 shares, consisting of 95,000,000 shares of common stock and 5,000,000 shares of preferred stock, and to change the corporate name of Schick to Sirona Dental Systems, Inc.

3. To approve an amendment to Schick's 1996 Stock Option Plan to provide that non-statutory stock options may be granted under the plan to employees of, and consultants to, any company, or any subsidiary of any company, the control of which Schick has agreed to acquire, and to increase the number of shares of Schick common stock available for issuance under the plan by 1,700,000 shares.

4. To transact any other business which may properly come before the Special Meeting or any adjournment(s) or postponement(s) thereof.

These items of business are more fully described in the proxy statement accompanying this notice. We encourage you to read the proxy statement and its annexes in their entirety before voting.

Under the terms of the Exchange Agreement, approval by Schick's stockholders of Proposals 1 and 2 is a condition to closing the transactions under the Exchange Agreement. Accordingly, in the event that either Proposal 1 or 2 does not receive the required vote by our stockholders, the transactions under the Exchange Agreement will not close.

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The record date for the special meeting is \_\_\_\_\_, 2006. Only stockholders of record as of the close of business on that date may vote at the meeting or any adjournment thereof.

BY ORDER OF THE BOARD OF DIRECTORS

Long Island City, New York  
\_\_\_\_\_, 2006

Zvi N. Raskin  
Secretary

**You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience. You also have the option of voting by telephone or by using the Internet as instructed in these materials. Your vote by telephone or using the Internet must be received by 11:59 p.m., Eastern Standard Time on \_\_\_\_\_, 2006 to be counted. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must first obtain a proxy issued in your name from that record holder.**

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## OVERVIEW

### QUESTIONS AND ANSWERS ABOUT THE EXCHANGE

Throughout this proxy statement, when we use the term Schick, the Company, we, us or our, we are referring to Schick Technologies Inc.; when we use the term Sirona, we are referring to Sirona Holding GmbH (formerly known as Blitz 05-118 GmbH); when we use the term Luxco, we are referring to Sirona Holdings Luxco, S.C.A.; and when we use the term Exchange Agreement, we are referring to the Exchange Agreement, dated as of September 25, 2005, by and among Schick, Luxco and Sirona, which is attached to this proxy statement as Annex A.

Additionally, when we use the terms Exchange, transaction, transactions contemplated by the Exchange Agreement or transactions under the Exchange Agreement, we are referring to the acquisition by Schick of Luxco's entire economic interest in Sirona, which consists of all of the issued and outstanding share capital of Sirona and the existing indebtedness of Sirona owed to Luxco in the principal amount of 150,992,464 (the Shareholder Loan), in exchange for the issuance by Schick to Luxco of 36,972,480 shares of our common stock, par value \$0.01 per share, and upon the terms and subject to the conditions of the Exchange Agreement, whereby Sirona will become our subsidiary.

#### **Q: Why am I receiving this proxy statement?**

**A:** We, Luxco and Sirona have agreed to combine the businesses of Schick and Sirona under the terms of the Exchange Agreement. In connection with the transaction, we have agreed to acquire, in exchange for our issuance of 36,972,480 shares of common stock to Luxco, Luxco's entire economic interest in Sirona, which consists of all of the issued and outstanding share capital of Sirona and the Shareholder Loan, on the terms and subject to the conditions set forth in the Exchange Agreement, which terms and conditions are described in this proxy statement.

In order to complete the transactions under the Exchange Agreement, our stockholders must approve (1) the Exchange Agreement and the transactions contemplated by the Exchange Agreement and (2) an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of our capital stock and to change our corporate name. We are sending this proxy statement and the enclosed proxy card to our stockholders because our Board of Directors is soliciting their proxies to vote on these matters and various other matters set forth in this proxy statement at the special meeting of our stockholders.

This proxy statement also contains important information about a proposal to increase the number of shares reserved for issuance under our 1996 Stock Option Plan. Please read it carefully.

You are invited to attend the special meeting, and we request that you vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card. You also have the option of voting by telephone or by using the Internet as instructed in these materials.

We intend to mail this proxy statement and accompanying proxy card on or about \_\_\_\_\_, 2006 to all stockholders of record entitled to vote at the special meeting.

#### **Q: Why is it important for Schick's stockholders to vote?**

**A:** We cannot complete the Exchange without the affirmative vote of a majority of the shares of our common stock outstanding and entitled to vote as of the record date in favor of the approval of the Exchange Agreement and the issuance of our common stock in accordance with the Exchange Agreement (Proposal 1) and the approval of an amendment to our Amended and Restated Certification of Incorporation to effect an increase in the number of authorized shares of our capital stock and to change our corporate name (Proposal 2). For more information on the votes required to approve each proposal, see the section entitled Questions and Answers About the Special Meeting of Schick's Stockholders.

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**Q: Why is Schick proposing the Exchange?**

**A:** We believe that the proposed Exchange will provide strategic and financial benefits to Schick and its stockholders, including:

transforming Schick from a comparatively small company with a relatively narrow product offering into a global leader in high-tech dental equipment with a breadth of products, thereby mitigating some of the risks that smaller companies face in today's marketplace;

joining with a company that is a leader in research and development in our industry;

participating in the dental computer aided development/computer aided manufacturing (CAD/CAM) market through Sirona's leadership in chairside CAD/CAM systems ;

benefiting from the synergies between Sirona's imaging systems and ours;

increasing our product distribution capabilities;

adding to our cash flow as a result of expected synergies;

increasing our access to the capital markets;

benefiting from a share exchange ratio that reflects a favorable relative valuation of Schick;

enabling us to pay a \$2.50 per share dividend to our stockholders;

taking advantage of the consolidation trend in the industry; and

benefiting from Sirona's strong and experienced management and skilled employees.

For details of the reasons for the transaction, see the section entitled "The Exchange" Schick's Reasons for the Exchange under Proposal 1.

**Q: What will happen in the Exchange?**

**A:** In accordance with the provisions of the Exchange Agreement, Luxco will exchange all of its economic interest in Sirona, which consists of all of the issued and outstanding shares of capital stock of Sirona and the Shareholder Loan for 36,972,480 shares of our common stock. Following the closing of the transactions under the Exchange Agreement, Luxco will become the holder of approximately 66.1% of our outstanding common stock on a fully diluted basis (66.8% on a diluted basis in accordance with the treasury method). Sirona will become a subsidiary of Schick, and the Shareholder Loan will become inter-company indebtedness of Sirona owed to Schick that will be eliminated on the consolidated balance sheet of the combined company.

**Q: Will Schick stockholders receive any consideration in connection with the Exchange?**

**A:** Although Schick stockholders will not receive any consideration pursuant to the terms of the Exchange Agreement in connection with the Exchange, our Board has declared a dividend of \$2.50 per share for our stockholders of record as of \_\_\_\_\_, 2006. We will pay the dividend to our stockholders shortly prior to or after the closing of the Exchange, provided that the stockholders have approved Proposals 1 and 2 described in this proxy statement.

**Q: Does Schick's Board recommend voting in favor of the proposals related to the Exchange?**

**A:** Yes. After careful consideration, our Board determined that the Exchange is fair to and in the best interests of our stockholders. Our Board recommends that our stockholders vote For Proposals 1 and 2, each of which is required to consummate the transactions contemplated by the Exchange Agreement.

For a description of the factors considered by our Board in making its determination, you should read the section entitled The Exchange Schick's Reasons for the Exchange under Proposal 1.

**Q: Have any Schick stockholders committed to vote in favor of the transaction?**

**A:** Yes. Our largest stockholder, our current directors and certain of our executive officers and former directors have entered into voting agreements with Luxco, agreeing to vote in favor of the Exchange Agreement, the amendment to our Amended and Restated Certificate of Incorporation and the transactions contemplated by the Exchange Agreement. These stockholders also agreed to vote against any other merger or competing transaction with respect to Schick and against any amendment to Schick's organizational documents (other than the amendment described in the previous sentence) or other action or agreement which would frustrate, hinder or delay the foregoing. In addition, pursuant to the voting agreements, these stockholders granted to Luxco an irrevocable proxy to vote their shares in favor of the matters described in this proxy statement. As of \_\_\_\_\_, 2006, the record date, these stockholders owned \_\_\_\_\_ shares, or \_\_\_%, of our outstanding common stock.

**Q: When do you expect the closing of the transactions under the Exchange Agreement to occur?**

**A:** We and Sirona are working to complete the Exchange as quickly as possible and expect to complete the transaction shortly after obtaining the requisite stockholder approval at the special meeting. We would expect this to occur by \_\_\_\_\_, 2006. However, we cannot predict the exact timing of the closing of the transaction because the transaction is subject to several conditions. For a description of the conditions to the closing of the transactions under the Exchange Agreement, see the section entitled The Exchange Agreement Conditions to Completion of the Exchange under Proposal 1.

**Q: What do I need to do now?**

**A:** You should carefully read and consider the information contained in this proxy statement, including the annexes, our Annual Report on Form 10-K for the year ended March 31, 2005 and our Quarterly Report on Form 10-Q for the quarter ended December 31, 2005, which are incorporated herein by reference, and consider how the transaction will affect you as a stockholder of Schick.

You should complete and return the enclosed proxy card as soon as possible in accordance with the instructions provided in this proxy statement and on the enclosed proxy card.

**Q: Are there risks associated with the Exchange?**

**A:** Yes. Our Board believes that the combination with Sirona will provide substantial benefits to the stockholders of Schick. For a description of these benefits, see the section entitled The Exchange Schick's Reasons for the Exchange under Proposal 1. However, in deciding whether to approve the Exchange, the issuance of shares of Schick's common stock and the increase in Schick's authorized capital stock, we urge you to carefully read and consider the risk factors contained in the section entitled Risk Factors.

**Q: Whom should I contact if I have questions?**

**A:** If you have any questions about the transaction or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact:

Schick Technologies, Inc.  
30-00 47<sup>th</sup> Avenue

Long Island City, New York 11101  
(718) 937-5765  
Attention: Corporate Secretary



**Q: What percentage of the common stock of Schick after the proposed transaction will be owned by current affiliates and non-affiliates of Schick?**

**A:** After the consummation of the Exchange, our current stockholders and optionholders who are affiliates of Schick will own approximately 11.2% of the outstanding common stock of Schick and our current stockholders and optionholders who are not affiliates of Schick will own approximately 22.7% of the outstanding common stock of Schick, determined as of December 31, 2005, on a fully diluted basis.

**Q: Will current holders of outstanding options to purchase common stock of Schick be able to vote the shares of common stock underlying their options for purposes of approving the Exchange Agreement and the related matters described herein?**

**A:** No. Holders of outstanding options to purchase common stock of Schick are not able to vote the shares of common stock underlying their options for purposes of approving the Exchange Agreement and related matters described herein or for any other proposal submitted for stockholder approval. To the extent a holder of an option purchased Schick common stock upon the exercise of his or her option prior to the record date of the special meeting and holds those shares as of the record date, then he or she may vote those shares on the matters submitted for stockholder approval at the special meeting.

**Q: Will current holders of outstanding options to purchase common stock of Schick be able to exercise their options prior to the special meeting, and, if so, what are the mechanics to exercise the options?**

**A:** Whether a current holder of an outstanding option to purchase common stock of Schick is able to exercise his or her option depends upon whether the terms of the option permit the option to be exercised in whole or in part prior to the record date for the special meeting. To the extent that the terms of the option permit its exercise prior to the record date for the special meeting, the holder may exercise the option by complying with the procedures described in the option and any related plan or agreement pursuant to which the option was granted, as applicable. Each holder of an option should review his option and any related plan or agreement pursuant to which the option was granted to determine whether the option may be exercised and, if so, the procedures for exercising the option.

**You may also obtain additional information about us from documents filed with or furnished to the United States Securities and Exchange Commission, referred to in this proxy statement as the SEC, by following the instructions in the section entitled Where You Can Find More Information.**

**QUESTIONS AND ANSWERS ABOUT THE  
SPECIAL MEETING OF SCHICK S STOCKHOLDERS**

**When and where will the special meeting be held?**

The special meeting will be held on \_\_\_\_\_, 2006 at 10:00 a.m. Eastern Standard Time at the offices of Schick Technologies, Inc., located on the fifth floor of 30-00 47<sup>th</sup> Avenue, Long Island City, New York 11101.

**Who can vote at the special meeting?**

Only Schick stockholders of record as of the close of business on \_\_\_\_\_, 2006 will be entitled to vote at the special meeting. On this record date, there were \_\_\_\_\_ shares of common stock outstanding and entitled to vote. No shares of preferred stock were outstanding.

***Stockholder of Record: Shares Registered in Your Name***

If on \_\_\_\_\_, 2006, your shares were registered directly in your name with Schick s transfer agent, American Stock Transfer and Trust Company, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card to ensure your vote is counted. You also have the option of voting by telephone or by using the Internet as instructed in these materials.

***Beneficial Owner: Shares Registered in the Name of a Broker or Bank***

If on \_\_\_\_\_, 2006, your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in \_\_\_\_\_ street name, and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the special meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the special meeting. However, because you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

**What am I voting on?**

The following matters are scheduled for a vote at the special meeting:

1. Approval of the Exchange Agreement and the issuance of 36,972,480 shares of Schick s common stock in accordance with the terms of the Exchange Agreement in exchange for Luxco s entire economic interest in Sirona, which consists of all of the issued and outstanding share capital of Sirona and the Shareholder Loan.

2. Approval of an amendment to Schick s Amended and Restated Certificate of Incorporation to increase Schick s authorized capital stock to a total of 100,000,000 shares, consisting of 5,000,000 shares of preferred stock and 95,000,000 shares of common stock, and to change the corporate name of Schick to Sirona Dental Systems, Inc.

3. Approval of an amendment to Schick s 1996 Stock Option Plan to provide that non-statutory stock options may be granted under the plan to employees of, and consultants to, any company, or any subsidiary of any company, the control of which Schick has agreed to acquire, and to increase the number of shares of Schick s common stock available for issuance under the plan by 1,700,000 shares.

If any other matter is properly presented at the meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his best judgment.

**How do I vote?**

For each of the matters to be voted on, you may vote For or Against or abstain from voting. The procedures for voting are fairly simple:

***Stockholder of Record: Shares Registered in Your Name***

If you are a stockholder of record, you may vote in one of four ways:

1. *By voting in person.* Come to the special meeting and we will give you a ballot when you arrive.
2. *By completing, signing, dating and promptly returning the enclosed proxy card in the envelope provided.* If you return your signed proxy card to us before the special meeting, we will vote your shares as you direct.
3. *By calling toll-free (in the United States), on a touch-tone phone, the 800 number printed on your proxy card, which is available 24 hours a day.* Have your proxy card in hand when you call, then follow the recorded instructions. Your vote must be received by 11:59 p.m., Eastern Standard Time on \_\_\_\_\_, 2006 to be counted.
4. *By visiting the Internet site at [www.proxyvote.com](http://www.proxyvote.com).* Have your proxy card in hand when you access the website and follow the instructions to create an electronic voting instruction form. Your vote must be received by 11:59 p.m., Eastern Standard Time on \_\_\_\_\_, 2006 to be counted.

Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

***Beneficial Owner: Shares Registered in the Name of Broker or Bank***

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from Schick. Simply complete and mail the proxy card to ensure that your vote is counted. Some banks and brokers may offer telephone and Internet voting. If you wish to vote in person at the special meeting, you must first obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

We provide Internet proxy voting to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

**How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of common stock that you own as of the close of business on \_\_\_\_\_, 2006.

**What if I return a proxy card but do not make specific choices?**

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted as follows:

For the approval of the Exchange Agreement and the issuance of 36,972,480 shares of Schick's common stock to Luxco in accordance with the terms of the Exchange Agreement in exchange for

Luxco's entire economic interest in Sirona, which consists of all of the issued and outstanding share capital of Sirona and the Shareholder Loan;

For the approval of an amendment to Schick's Amended and Restated Certificate of Incorporation to increase Schick's authorized capital stock to a total of 100,000,000 shares, consisting of 5,000,000 shares of preferred stock and 95,000,000 shares of common stock, and to change the corporate name of Schick to Sirona Dental Systems, Inc.; and

For the approval of an amendment of the 1996 Stock Option Plan to provide that non-statutory stock options may be granted under the plan to employees of, and consultants to, any company, or any subsidiary of any company, the control of which Schick has agreed to acquire, and to increase the number of shares of Schick's common stock available for issuance under the plan by 1,700,000 shares.

If any other matter is properly presented at the meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his best judgment.

**Who is paying for this proxy solicitation?**

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees and proxy solicitor may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies, but our proxy solicitor will be paid its customary fee of approximately \$\_\_\_\_\_ plus out-of-pocket expenses if it solicits proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

**What does it mean if I receive more than one proxy card?**

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

**Can I change my vote after submitting my proxy?**

Yes. You can revoke your proxy at any time before the final vote at the meeting. You may revoke your proxy in any one of three ways:

You may submit another properly completed proxy card with a later date.

You may send a written notice that you are revoking your proxy to the attention of Schick's Corporate Secretary at Schick Technologies, Inc., 30-00 47<sup>th</sup> Avenue, Long Island City, New York 11101.

You may attend the special meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy. If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

**How are votes counted?**

Votes will be counted by the inspector of election appointed for the meeting, who will separately count votes For and Against. Broker non-votes occur when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner (despite voting on at least one other proposal for which it does have discretionary authority or for which it has received instructions). Abstentions will be counted towards the vote total for each proposal, and will have the same effect as Against votes. Broker non-votes have no effect and will not be counted towards the vote total for any proposal except



Proposals 1 and 2, for which broker non-votes will not be counted as being voted but will have the same effect as **Against** votes.

If your shares are held by your broker as your nominee (that is, in **street name** ), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. If you do not give instructions to your broker, your broker cannot vote your shares with respect to the proposals being voted on at the special meeting, all of which are considered **non-discretionary** items.

**How many votes are needed to approve each proposal?**

Proposal 1: Approval of the Exchange Agreement and the issuance of shares of Schick's common stock to Luxco in accordance with the terms of the Exchange Agreement in exchange for Luxco's entire economic interest in Sirona, which consists of all of the issued and outstanding share capital of Sirona and the Shareholder Loan, must receive a **For** vote from the majority of outstanding shares. If you **Abstain** from voting, it will have the same effect as an **Against** vote. Broker non-votes will have the same effect as an **Against** vote.

Proposal 2: Approval of an amendment to Schick's Amended and Restated Certificate of Incorporation to increase Schick's authorized capital stock to a total of 100,000,000 shares, consisting of 5,000,000 shares of preferred stock and 95,000,000 shares of common stock, and to change the corporate name of Schick to Sirona Dental Systems, Inc., must receive a **For** vote from the majority of the outstanding shares. If you **Abstain** from voting, it will have the same effect as an **Against** vote. Broker non-votes will have the same effect as an **Against** vote.

Proposal 3: Approval of an amendment of the 1996 Stock Option Plan to provide that non-statutory stock options may be granted under the plan to employees of, and consultants to, any company, or any subsidiary of any company, the control of which Schick has agreed to acquire, and to increase the number of shares of Schick's common stock available for issuance under the plan by 1,700,000 shares, must receive a **For** vote from the majority of shares entitled to vote and present either in person or by proxy. If you **Abstain** from voting, it will have the same effect as an **Against** vote. Broker non-votes will have no effect.

**What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the outstanding number of shares are represented at the meeting, whether in person or by proxy. On the record date, there were \_\_\_\_\_ shares outstanding and entitled to vote. Thus at least \_\_\_\_\_ shares must be represented in person or by proxy at the special meeting to have a quorum.

Your shares will be counted toward the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the chairman of the meeting or a majority of the votes present at the meeting may adjourn the meeting to another date.

**How can I find out the results of the voting at the special meeting?**

Preliminary voting results will be announced at the special meeting. Final voting results will be published in a press release and our Quarterly Report on Form 10-Q for the fiscal quarter in which the meeting occurs.

**SUMMARY OF THE EXCHANGE (PROPOSAL 1)**

This summary highlights selected information from this proxy statement relating to the Exchange Agreement and the transactions contemplated therein (Proposal 1) and does not contain all of the information that is important to you. To better understand the Exchange Agreement and the transactions contemplated therein, you should read this entire proxy statement carefully, including the Exchange Agreement attached as Annex A and incorporated by reference into this proxy statement, the opinion of UBS Securities LLC attached as Annex B and the other documents to which we refer. In addition, we incorporate important business and financial information about Schick by reference, including our Annual Report on Form 10-K for the year ended March 31, 2005, and our Quarterly Report on Form 10-Q for the quarter ended December 31, 2005. You may obtain copies of these documents and other information incorporated by reference into this proxy statement without charge by following the instructions in the section entitled "Where You Can Find More Information." We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.

**The Companies**

Schick Technologies, Inc.  
30-00 47<sup>th</sup> Avenue  
Long Island City, New York 11101  
(718) 937-5765

Schick, an ISO 9001 certified company, designs, develops, and manufactures innovative digital radiographic imaging systems and devices for the dental market. Schick's products, which are based on proprietary digital imaging technologies, create instant high-resolution radiographs and offer significant advantages over conventional x-ray devices. Schick's headquarters are located in Long Island City, New York.

Sirona Holding GmbH  
Fabrikstrasse 31  
64625 Bensheim  
Germany  
49 6251/16-2801

Sirona is a leading global manufacturer of high tech dental equipment and technologies and has served equipment dealers and dentists worldwide for more than 125 years. Sirona develops, manufactures, and markets a broad line of dental equipment, including CEREC CAD/CAM restoration systems, digital and film-based intra-oral and panoramic imaging systems, dental treatment centers and instruments. Sirona's worldwide headquarters are located in Bensheim, Germany and its U.S. headquarters are located in Charlotte, North Carolina.

Sirona is currently a wholly-owned subsidiary of Luxco. Luxco is a Luxembourg-based holding entity owned by funds managed by Madison Dearborn Partners, Beecken Petty O'Keefe, management and employees of Sirona. Madison Dearborn Partners is a leading private equity investment firm based in Chicago, Illinois. Madison Dearborn Partners has approximately \$8 billion of capital under management through limited partnerships of which it is the general partner and affiliated limited partnerships. Upon completion of the Exchange, four representatives of Madison Dearborn Partners are expected to serve on the board of directors of the combined company.

**The Exchange and the Exchange Agreement (see Pages 40 and 61 )**

Subject to stockholder approval, we have agreed to issue 36,972,480 shares of our common stock to Luxco, in exchange for Luxco's entire economic interest in Sirona, which consists of all of the issued and outstanding share capital of Sirona and the Shareholder Loan, under the terms of the Exchange Agreement under Proposal 1. Additional terms and conditions of the Exchange are described in the section entitled "The Exchange Agreement" under Proposal 1 beginning on page 61.

**Schick, Luxco and Sirona May Amend or Terminate the Exchange Agreement (see Page 69)**

We, Luxco and Sirona may amend the Exchange Agreement under certain conditions. The Exchange Agreement may be terminated by either us or Luxco under certain circumstances, including, the failure to close the Exchange on or prior to May 31, 2006, the failure to obtain the requisite stockholder votes to approve Proposals 1 and 2, or if any governmental entity issues an order or takes any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by the Exchange Agreement. We may also terminate the Exchange Agreement if our Board withdraws its recommendation in favor of the Exchange Agreement. If the Exchange Agreement is terminated, the agreement provides, in specified circumstances associated with competing transaction proposals, that we would pay Luxco a termination fee of \$13.5 million. We would be required to reimburse Luxco and Sirona their expenses in an amount not to exceed \$1.5 million under certain other circumstances in the event of the failure to obtain the requisite votes to approve Proposals 1 and 2. The Exchange Agreement does not provide for any specific termination fee to be paid to us.

**Dividend Payment**

In connection with the Exchange, our Board has declared a dividend of \$2.50 per share for our stockholders of record as of \_\_\_\_\_, 2006. We will pay the dividend to our stockholders shortly prior to or after the closing of the Exchange, provided that our stockholders approve Proposals 1 and 2.

**Recommendation of the Board of Directors of Schick and its Reasons for the Exchange (see Page 44)**

Our Board unanimously approved the Exchange Agreement and the transactions contemplated by the Exchange Agreement, the issuance of 36,972,480 shares of our common stock to Luxco in accordance with the Exchange Agreement and the amendment to our Amended and Restated Certificate of Incorporation and unanimously recommends that our stockholders vote FOR each of the proposals in this proxy statement.

Our Board considered many factors in making the determination that the combination with Sirona through the Exchange is fair to our stockholders and in their best interests, which factors are discussed in the section entitled The Exchange Schick s Reasons for the Exchange under Proposal 1 beginning on page 44.

**Opinion of Schick s Financial Advisor to the Board of Directors (see Page 48)**

In connection with the transaction, our financial advisor, UBS Securities LLC, rendered its opinion to our Board that as of September 25, 2005, and based upon the qualifications, limitations and assumptions set forth in the opinion, the shares of common stock to be issued by us to Luxco pursuant to the Exchange Agreement, are fair, from a financial point of view, to Schick s stockholders. The full text of the UBS opinion is attached as Annex B to this proxy statement, and sets forth the assumptions made, matters considered, and the qualifications and limitations of the review undertaken by UBS. We urge you to carefully read this opinion in its entirety.

**Voting Agreement (see Page 71)**

In connection with the Exchange, Greystone Funding Corp. ( Greystone ), which is our largest stockholder, each of our current directors and certain of our executive officers and former directors have entered into voting agreements with Luxco pursuant to which they agreed, among other things, to vote the shares of our common stock that they hold in favor of all matters to be submitted for stockholder approval in connection with the Exchange Agreement, the Exchange and the transactions related to the Exchange, and against any other transaction or action that could reasonably be expected to adversely affect the Exchange Agreement or result in any of the conditions to the obligations of the parties under the Exchange Agreement not being fulfilled. The shares of our common stock subject to these voting agreements represented approximately 36.6% of our outstanding common stock as of September 25, 2005.

**Registration Agreement (see Page 71)**

The shares of our common stock issued in connection with the transactions contemplated by the Exchange Agreement will be issued in reliance on one or more exemptions from the registration requirements of federal and state securities laws. As a result, Luxco may not sell any of the shares of our common stock it receives in the Exchange except pursuant to an effective registration statement under the Securities Act of 1933, as amended (the Securities Act ) covering the resale of those shares or an applicable exemption under the Securities Act.

We will enter into a Registration Agreement with Luxco granting it registration rights with respect to the shares of our common stock it receives in the Exchange.

**Directors and Executive Officers of the Combined Company Following the Exchange (see Page 57)**

Effective as of the closing of the Exchange, the board of directors of the combined company will be expanded to ten members, consisting of William K. Hood, Arthur D. Kowaloff and Jeffrey T. Slovin, three of our current directors, and the following seven individuals designated by Luxco, or such other persons as may be designated by Luxco, to the board: Timothy P. Sullivan, Nicholas W. Alexos, Timothy D. Sheehan, David Beecken, Harry M. Jansen Kraemer, Jr., Jost Fischer and Simone Blank.

Effective as of the closing of the Exchange, Jost Fischer, the current Chief Executive Officer of Sirona, will be appointed Chairman of the Board, President and Chief Executive Officer of the combined company; Jeffrey T. Slovin, our current President and Chief Executive Officer, will be appointed Executive Vice President of the combined company and Chief Operating Officer of U.S. Operations; and Simone Blank, Sirona's current Chief Financial Officer, will be appointed Executive Vice President and Chief Financial Officer of the combined company.

**Interests of Directors, Officers and Affiliates (see Page 54)**

Certain of our directors and executive officers have agreements or arrangements that provide them with interests in the combination with Sirona that are different from, or in addition to, your interests.

Upon the execution of the Exchange Agreement and related documents on September 25, 2005, the vesting of 15,000 options held by each of our directors William K. Hood, Arthur D. Kowaloff and Curt Rocca was accelerated according to their terms and such options became fully vested as of such date. Those options would otherwise have vested on June 9, 2006, November 4, 2005 and February 3, 2006, respectively.

Michael Stone, our Executive Vice President of Sales and Marketing, was granted 75,000 options on September 25, 2005, subject to the approval of the amendment to the 1996 Stock Option Plan as described in Proposal 3, and the vesting of such options will not commence until the closing of the Exchange. In addition, the vesting of an additional 84,377 options held by Mr. Stone will accelerate and such options will be fully vested at the closing of the Exchange according to their terms. He may receive a one-time bonus of \$497,590 that will be paid at or about the same time as the payment of the \$2.50 per share dividend discussed elsewhere in this proxy statement. We anticipate that we will enter into a new employment agreement with Mr. Stone pursuant to which he would agree that 199,036 shares of Schick common stock that he may acquire upon the exercise of outstanding stock options, including the 75,000 options provisionally granted as described above, may not be sold by him unless our Board approves the sale (with such approval not to be unreasonably withheld). This restriction on his ability to sell those shares would remain in effect until the earlier of September 25, 2013 or the termination of his employment.

Jeffrey T. Slovin, our Chief Executive Officer, was granted 1,130,000 options on September 25, 2005, subject to the approval of the amendment to the 1996 Stock Option Plan as described in Proposal 3, and the vesting of such options will not commence until the closing of the Exchange. If the amendment to the 1996 Stock Option Plan is not approved by our stockholders, Mr. Slovin will be entitled to receive the economic equivalent of such options. In addition, the vesting of an additional 86,907 options held by Mr. Slovin will accelerate and such options will be fully vested at the closing of the Exchange according to their terms. Mr. Slovin may receive a one-time bonus of \$1,014,463 that will be paid at or about the same time as the payment of the \$2.50 per share dividend.

Mr. Slovin's option agreement also requires that shares acquired upon the exercise of the 1,130,000 options provisionally granted on September 25, 2005 or upon the exercise of the 400,000 options granted under his current employment agreement may not be sold by Mr. Slovin unless the Board approves the sale (with such approval not to be unreasonably withheld). This restriction on Mr. Slovin's ability to sell these shares shall remain in effect until the earlier of September 25, 2013 or the termination of his employment and directorship.

In addition, we will enter into a new employment agreement with Mr. Slovin pursuant to which he will serve as Executive Vice President of the combined company and Chief Operating Officer of U.S. Operations following the closing of the transactions under the Exchange Agreement. This employment agreement will become effective at the closing of the Exchange and will supersede in their entirety at such time the existing employment agreement and other compensatory arrangements with Mr. Slovin. Pursuant to the new employment agreement, Mr. Slovin will receive no increase in salary, and his term of employment will not be extended. He will be eligible for a bonus plan to be developed for all senior executives of the combined company after the closing of the Exchange.

At approximately the same time as we pay the \$2.50 per share dividend, our other executive officers may also receive one-time bonuses, as follows: Stan Mandelkern, our Vice President of Engineering, may receive \$84,033; Will Autz, our Vice President of Manufacturing, may receive \$98,083; Ari Neugroschl, our Vice President of Management Information Systems, may receive \$19,593; Zvi Raskin, our General Counsel and Secretary, may receive \$24,638; and Ronald Rosner, our Director of Finance and Administration, may receive \$21,170. Such one-time bonuses were calculated to equal the respective amounts that each of the foregoing employees would have received upon the payment of the \$2.50 per share dividend for the shares underlying their unvested or restricted employee stock options. Under the terms of Schick's 1996 Employee Stock Option Plan, unvested options may not be exercised prior to the date they vest.

Existing registration rights agreements between Schick, Greystone and Mr. Slovin have been amended to conform to the Registration Agreement that will be entered into with Luxco. Please see the section entitled "The Exchange Restrictions on Ability to Sell Schick Common Stock; Registration Agreement" under Proposal 1. Following the Exchange, Greystone, Mr. Slovin and Luxco would be able to participate in registrations effected at each other's request, and Schick would pay the expenses of such registrations, except underwriting discounts and commissions.

#### **Risk Factors (see Page 26)**

Ownership of our common stock, the transactions contemplated under the Exchange Agreement and the business to be conducted by the combined company following the Exchange involve risks which you should carefully consider before deciding whether to approve the proposals to be voted upon at the special meeting.

#### **No Appraisal Rights**

Our stockholders will not be entitled to demand appraisal of, or receive any appraisal or similar payments for, their shares in connection with the combination of Schick and Sirona.

#### **U.S. Federal Income Tax Consequences to Schick and Schick Stockholders (see Page 60)**

Because the Exchange will not involve an exchange of shares or securities by our stockholders (as determined immediately before the Exchange), the closing of the Exchange under the Exchange Agreement will not have material U.S. federal income tax consequences to the holders of our common stock. The U.S. federal income tax consequences of the \$2.50 per share dividend are discussed in the section entitled "The Exchange U.S. Federal Income Tax Consequences" under Proposal 1 beginning on page 60.

#### **Controlled Company Exemption**

If you approve Proposals 1 and 2, and the Exchange is consummated, we will become a "Controlled Company" as defined under Rule 4350(c)(5) of the listing rules of the Nasdaq National Market. As such, we will be

exempt from certain corporate governance requirements of listed companies, such as the requirement that a majority of our Board consist of independent directors.

### Market Price and Dividend Data

Our common stock is currently traded publicly on the Nasdaq National Market under the trading symbol SCHK. Previously, from September 16, 1999 through December 20, 2005, our common stock traded on the Over-the-Counter ( OTC ) Bulletin Board. On September 23, 2005, the last full trading day prior to the public announcement of the Exchange Agreement, our common stock closed at \$25.10 per share. On \_\_\_\_\_, 2006, our common stock closed at \$\_\_\_\_ per share. Currently, there is no public trading market for Sirona shares.

The following table presents quarterly information on the price range of our common stock. This information indicates the high and low sale prices, as quoted in the OTC Bulletin Board through December 19, 2005, and on the Nasdaq National Market commencing December 20, 2005. These prices do not include retail markups, markdowns or commissions.

Fiscal Year Ended March 31, 2006	High	Low
First Quarter	\$ 22.80	\$ 16.85
Second Quarter	\$ 27.20	\$ 21.00
Third Quarter	\$ 35.50	\$ 24.10
Fourth Quarter (through _____, 2006)	\$ _____	\$ _____
Fiscal Year Ended March 31, 2005	High	Low
First Quarter	\$ 13.95	\$ 9.65
Second Quarter	\$ 13.90	\$ 8.55
Third Quarter	\$ 16.50	\$ 9.50
Fourth Quarter	\$ 19.20	\$ 14.90
Fiscal Year Ended March 31, 2004	High	Low
First Quarter	\$ 8.80	\$ 4.30
Second Quarter	\$ 8.58	\$ 6.85
Third Quarter	\$ 8.40	\$ 6.50
Fourth Quarter	\$ 12.15	\$ 7.05

As of \_\_\_\_\_, 2006, there were approximately \_\_\_\_ stockholders of record of our common stock. We have never declared or paid dividends on our common stock and do not currently anticipate the payment of dividends in the foreseeable future, except for the \$2.50 per share dividend discussed elsewhere in this proxy statement, provided that the stockholders will have approved Proposals 1 and 2.

**SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA**

The following tables present summary historical financial data, summary unaudited pro forma condensed consolidated financial data, exchange rate data and comparative per share data.

**Summary Historical Financial Data of Schick**

The following table sets forth summary historical financial data of Schick. The information presented below is derived from Schick's financial statements as of March 31, 2001, 2002, 2003, 2004 and 2005, which have been audited by Grant Thornton LLP, independent accountants, and from Schick's unaudited quarterly financial statements as of December 31, 2004 and 2005. This information is only a summary. You should read it together with Schick's historical financial statements and accompanying notes incorporated by reference into this proxy statement. Historical results are not necessarily indicative of future results.

	Nine Months ended December 31, (unaudited)		Year ended March 31,				
	2005	2004	2005	2004	2003	2002	2001
(in thousands, except per share data)							
<b>Statement of Operations Data:</b>							
Revenue, net	\$ 51,899	\$ 38,564	\$ 52,418	\$ 39,393	\$ 29,817	\$ 24,399	\$ 21,252
Total cost of sales	15,586	10,325	14,857	11,495	9,628	8,832	10,306
Gross profit	36,313	28,239	37,561	27,898	20,189	15,567	10,946
Operating expenses:							
Selling and marketing	7,028	5,222	7,107	6,118	5,911	5,291	5,314
General and administrative	5,192	4,992	6,851	6,291	5,041	4,148	4,161
Research and development	3,563	3,873	4,812	3,301	2,598	2,176	2,220
Acquisition and merger related expenses	1,392						
Termination of consulting agreement	650						
Bad debt expense (recovery)				105		(93)	(454)
Abandonment of leasehold						118	275
Total operating expenses	17,825	14,087	18,770	15,815	13,550	11,640	11,516
Income (loss) from operations	18,488	14,152	18,791	12,083	6,639	3,927	(570)
Total other income (expense)	917	288	468	109	(174)	(839)	(1,068)
Income (loss) before income taxes	19,405	14,440	19,259	12,192	6,465	3,088	(1,638)
Income tax provision (benefit)	7,360	5,757	7,187	(5,917)	(5,360)		
Net income (loss)	\$ 12,045	\$ 8,683	\$ 12,072	\$ 18,109	\$ 11,825	\$ 3,088	\$ (1,638)
Basic earnings (loss) per share	\$ 0.75	\$ 0.57	\$ 0.78	\$ 1.69	\$ 1.17	\$ 0.30	\$ (0.16)

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Diluted earnings (loss) per share	\$	0.67	\$	0.50	\$	0.70	\$	1.07	\$	0.78	\$	0.26	\$	(0.16)
		<u>        </u>		<u>        </u>		<u>        </u>		<u>        </u>		<u>        </u>		<u>        </u>		<u>        </u>



	As of	As of March 31,				
	December 31,	2005	2004	2003	2002	2001
	2005					
	(unaudited)					
(in thousands)						
<b>Balance Sheet Data:</b>						
Cash and cash equivalents	\$ 13,902	\$ 39,725	\$ 20,734	\$ 7,100	\$ 1,622	\$ 2,167
Short-term investments	35,100					
Working capital (deficiency)	60,168	47,109	27,400	9,157	1,133	(1,586)
Total assets	77,200	57,534	42,743	22,610	11,957	12,646
Long-term obligations					2,039	4,080
Total liabilities	14,309	8,285	7,715	7,747	9,057	12,835
Retained earnings (accumulated deficit)	14,369	2,324	(9,748)	(27,857)	(39,682)	(42,770)
Stockholders' equity	62,891	49,249	35,028	14,863	2,900	(189)

#### Summary Historical Financial Data of Sirona

On June 30, 2005, 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 (formerly Blitz 05-118 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 was accounted for in accordance with Emerging Issues Task Force Issue 88-16, Basis in Leveraged Buyout Transactions (EITF 88-16), in a manner similar to a business combination under Statement of Financial Accounting Standard No. 141, Business Combinations (SFAS 141). Certain members of Sirona management who were deemed to be in the control group held equity interests in the Sirona group prior to and subsequent to the MDP Transaction (the Continuing Shareholders). The interests of the Continuing Shareholders have been reflected at the predecessor basis, resulting in 9.15% of each asset and liability acquired being valued at historical cost at June 30, 2005. The remaining 90.85% interest in each asset and liability was recognized at fair value at June 30, 2005.

On February 16, 2004, funds managed by EQT Northern European Private Equity Funds (EQT), management and employees of Sirona, obtained control over the Sirona business. The transaction was effected by using four new legal entities headed by Sirona Dental Systems Beteiligungs- und Verwaltungs GmbH to acquire 100% of the interest in Sirona Beteiligungs- und Verwaltungs GmbH, the former parent of the Sirona business, through a leveraged buy-out transaction (the EQT Transaction). The EQT Transaction resulted in a change in control of the Sirona business and has, therefore, been accounted for in a manner similar to a business combination under SFAS 141. The carrying values of the assets and liabilities were adjusted to their fair value on February 16, 2004, and the difference between the purchase price and the fair value of the net assets and liabilities was recorded as goodwill.

For further information regarding the MDP Transaction and the EQT Transaction, see Note 4 to Sirona's consolidated financial statements contained elsewhere in this proxy statement.

Sirona Beteiligungs- und Verwaltungsgesellschaft mbH is referred to as Predecessor 1 for the periods from October 1, 2002 to September 30, 2003 and from October 1, 2003 to February 16, 2004. Sirona Dental Systems Beteiligungs- und Verwaltungs GmbH is referred to as Predecessor 2 as of September 30, 2004 and for the periods from February 17, 2004 to September 30, 2004 and from October 1, 2004 to June 30, 2005 and the interim period from October 1, 2004 to December 31, 2004. Sirona Holding GmbH is referred to as Successor as of September 30, 2005 and for the interim period from July 1, 2005 to September 30, 2005 and the interim period from October 1, 2005 to December 31, 2005.

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The historical consolidated financial data is derived from the consolidated financial statements and accompanying notes and the unaudited consolidated interim financial statements and accompanying notes of Sirona and its predecessors contained elsewhere in this proxy statement. In connection with the Exchange, Sirona has converted its financial statements prepared in accordance with generally accepted accounting principles in Germany ( German GAAP ) to financial statements prepared in accordance with generally accepted accounting principles in the United States ( U.S. GAAP ) for financial reporting purposes.

The selected historical consolidated financial data of Sirona included below and elsewhere in this proxy statement are not necessarily indicative of future performance. This information is only a summary and should be read in conjunction with the sections entitled Selected Unaudited Pro Forma Condensed Consolidated Financial Data of Schick and Sirona, Management's Discussion and Analysis of Financial Condition and Results of Operations of Sirona and Sirona's consolidated financial statements and accompanying notes contained elsewhere in this proxy statement.

Successor	Predecessor 2	Successor	Predecessor 2		Predecessor 1	
		Fiscal Year 2005		Fiscal Year 2004		Fiscal Year 2003
Three Months ended December 31, 2005 (unaudited)	Three Months ended December 31, 2004 (unaudited)	July 1, 2005 to September 30, 2005	October 1, 2004 to June 30, 2005	February 17, 2004 to September 30, 2004	October 1, 2003 to February 16, 2004	Year ended September 30, 2003

(U.S. \$ in thousands)

**Statement of  
Operations  
Data:**

Revenue	\$ 135,882	\$ 131,528	\$ 105,071	\$ 358,285	\$ 229,216	\$ 158,601	\$ 306,190
Cost of sales	69,664	72,458	71,614	199,463	152,938	76,947	165,073
Gross profit	66,218	59,070	33,457	158,822	76,278	81,654	141,117
Operating expenses (income):							
Selling, general and administrative expense	32,303	30,477	34,544	93,236	65,424	33,454	65,787
Research and development	6,947	7,131	7,863	21,700	16,594	8,575	19,832
Provision for doubtful accounts and notes receivables	(140)	(141)	(192)	(127)	(846)	368	(387)
Write off of in-process research and development			33,796		20,217		
Other operating expense (income), net	608	647	(5,367)	2,877	(428)	82	1,702
Operating income	26,500	20,956	(37,187)	41,136	(24,683)	39,175	54,183

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Non-operating expense (income), net	<u>19,149</u>	<u>(4,266)</u>	<u>14,650</u>	<u>24,516</u>	<u>21,423</u>	<u>5,425</u>	<u>14,277</u>
Income (loss) before income taxes and minority interest	7,351	25,222	(51,837)	16,620	(46,106)	33,750	39,906
Income tax provision (benefit)	3,200	6,956	(5,796)	5,444	(11,748)	13,181	15,330
Minority interest	(1)		(6)	50			
Net income (loss)	<u>\$ 4,152</u>	<u>\$ 18,266</u>	<u>\$ (46,035)</u>	<u>\$ 11,126</u>	<u>\$ (34,358)</u>	<u>\$ 20,569</u>	<u>\$ 24,576</u>

	Successor		Predecessor 2
	As of December 31, 2005 (unaudited)	As of September 30, 2005	As of September 30, 2004
(U.S. \$ in thousands)			
<b>Balance Sheet Data: (at end of period)</b>			
Cash and cash equivalents	\$ 49,112	\$ 65,941	\$ 38,877
Working capital <sup>(1)</sup>	76,480	98,646	41,776
Total assets	1,181,831	1,238,675	762,985
Long-term obligations	1,054,520	1,111,158	631,846
Total liabilities	1,151,499	1,211,941	745,709
Accumulated deficit	(44,009)	(48,161)	(34,358)
Shareholders' equity	30,289	26,692	17,276

	Successor	Predecessor 2	Successor	Predecessor 2	Predecessor 1		
			Fiscal Year 2005	Fiscal Year 2004	Fiscal Year 2003		
	Three Months ended December 31, 2005 (unaudited)	Three Months ended December 31, 2004 (unaudited)	July 1, 2005 to September 30, 2005	October 1, 2004 to June 30, 2005	February 17, 2004 to September 30, 2004	October 1, 2003 to February 16, 2004	Year ended September 30, 2003
(U.S. \$ in thousands)							

<b>Cash Flow Data:</b>							
Cash flows provided by (used in):							
Operating activities	\$ 20,930	\$ 22,803	\$ 137,403	\$ 54,806	\$ 37,456	\$ 28,258	\$ 63,285
Investing activities	(2,229)	(30,020)	(559,998)	(37,408)	(374,425)	(4,598)	(21,538)
Financing activities	(36,153)		448,847	(14,624)	310,633	(11,588)	(21,269)

<b>Other Financial Data:</b>							
EBITDA <sup>(2)</sup>	\$ 35,399	\$ 48,749	\$ 8,444	83,499	\$ 21,227	\$ 45,572	\$ 65,266
Transaction related costs and non-cash charges included in EBITDA <sup>(3)</sup>	4,058	(14,295)	11,401	3,878	17,111	91	
Infrequent items included in EBITDA <sup>(4)</sup>					151	7	2,056

(1) Working capital is defined as current assets less current liabilities.

(2)

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EBITDA is defined as net income (loss) before interest, taxes, depreciation and amortization. Sirona believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors

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and other interested parties to evaluate companies in its industry. EBITDA is not a recognized term under U.S. GAAP, should not be viewed in isolation and does not purport to be an alternative to net income (loss) as an indicator of operating performance or an alternative to cash flows from operating activities as a measure of liquidity. There are material limitations associated with making the adjustments to Sirona's earnings to calculate EBITDA and using this non-U.S. GAAP financial measure as compared to the most directly comparable U.S. GAAP financial measure. For instance, EBITDA does not include:

interest expense, and because Sirona has borrowed money in order to finance its operations, interest expense is a necessary element of its costs and ability to generate revenue;

depreciation and amortization expense, and because Sirona uses capital assets, depreciation and amortization expense is a necessary element of its costs and ability to generate revenue; and

tax expense, and because the payment of taxes is part of Sirona's operations, tax expense is a necessary element of costs and impacts Sirona's ability to operate.

Additionally, EBITDA is not intended to be a measure of cash flow for Sirona's discretionary use, as it does not consider certain cash requirements, such as capital expenditures, contractual commitments, interest payments, tax payments and debt service requirements. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly titled measures for other companies.

Set forth below is a reconciliation of net income (loss) to EBITDA:

	<u>Successor</u>	<u>Predecessor 2</u>	<u>Successor</u>	<u>Predecessor 2</u>		<u>Predecessor 1</u>	
			<u>Fiscal Year 2005</u>		<u>Fiscal Year 2004</u>		<u>Fiscal Year 2003</u>
	<u>Three Months ended December 31, 2005 (unaudited)</u>	<u>Three Months ended December 31, 2004 (unaudited)</u>	<u>July 1, 2005 to September 30, 2005</u>	<u>October 1, 2004 to June 30, 2005</u>	<u>February 17, 2004 to September 30, 2004</u>	<u>October 1, 2003 to February 16, 2004</u>	<u>Year ended September 30, 2003</u>
	(U.S. \$ in thousands)						
Net income (loss)	\$ 4,152	\$ 18,266	\$ (46,035)	\$ 11,126	\$ (34,358)	\$ 20,569	\$ 24,576
Net interest expense	13,917	8,014	11,087	22,774	14,413	5,292	11,473
Provision (benefit) for income taxes	3,200	6,956	(5,796)	5,444	(11,748)	13,181	15,330
Depreciation	2,946	4,085	3,454	12,738	9,393	4,501	9,066
Amortization	11,184	11,428	45,734	31,417	43,527	2,029	4,821
EBITDA	\$ 35,399	\$ 48,749	\$ 8,444	\$ 83,499	\$ 21,227	\$ 45,572	\$ 65,266

(3) Transaction related costs and non-cash charges for Sirona are further detailed in the following table:

	Successor	Predecessor 2	Successor	Predecessor 2	Predecessor 1		
			Fiscal Year 2005		Fiscal Year 2004		Fiscal Year 2003
	Three Months ended December 31, 2005 (unaudited)	Three Months ended December 31, 2004 (unaudited)	July 1, 2005 to September 30, 2005	October 1, 2004 to June 30, 2005	February 17, 2004 to September 30, 2004	October 1, 2003 to February 16, 2004	Year ended September 30, 2003
(U.S. \$ in thousands)							
Transaction related costs <sup>(a)</sup>	\$ 220	\$	\$ 1,592	\$ 35	\$ 182	\$ 91	\$
Non-cash charges <sup>(b)</sup>	3,838	(14,295)	9,809	3,843	16,929		
<b>Total</b>	<b>\$ 4,058</b>	<b>\$ (14,295)</b>	<b>\$ 11,401</b>	<b>\$ 3,878</b>	<b>\$ 17,111</b>	<b>\$ 91</b>	<b>\$</b>

(a) Transaction related costs were incurred in connection with the EQT Transaction and the MDP Transaction.

(b) Represents (1) the amounts related to the fair value increases in inventory resulting from the EQT Transaction and the MDP Transaction, and (2) the foreign exchange (gain) loss on bank debt resulting from transaction adjustments to the carrying value of a portion of Sirona's U.S. dollar denominated debt due to currency fluctuations.

(4) Infrequent items relate to restructuring programs implemented in fiscal year 2003 and carried out during fiscal years 2003 and 2004.

#### Debt Covenant Compliance

The loan agreements governing Sirona's bank indebtedness contain numerous financial covenants that impose operating and financial restrictions on the company. Certain covenants contained in the bank loan agreements require Sirona to maintain increasing ratios of Adjusted EBITDA to consolidated net finance charges and decreasing ratios of consolidated total net debt to Adjusted EBITDA. Adjusted EBITDA is defined in the loan agreements and is determined based on German GAAP EBITDA, measured in Euros. Adjusted EBITDA is further adjusted to exclude items treated as exceptional or extraordinary, including costs incurred in connection with an acquisition, amortization of acquisition costs or of intangible assets, depreciation of fixed assets, unrealized gains or losses with respect to bank debt denominated in dollars that has not resulted in cash payments or receipts, and interest costs incurred in connection with pension plans and excluding any amounts received for the exclusive right to sell its CEREC systems in the United States and Canada and costs for the conversion of Sirona's financial statements from German GAAP to U.S. GAAP.

Sirona believes the most restrictive of those covenants are the requirements to maintain at December 31, 2005 both a ratio of Adjusted EBITDA to consolidated net finance charges of at least 1.80:1.00 and a ratio of consolidated total net debt to Adjusted EBITDA of no more than 7.95:1.00. Additional covenants (1) limit Sirona's ability to effect business acquisitions and (2) may require loan prepayments from cash flow (as defined in the loan agreements), in either case depending upon the level of Adjusted EBITDA. These covenants may limit Sirona's long-term growth prospects by hindering its ability to incur future indebtedness or grow through acquisitions. Failure to comply with these covenants would result in a default under the terms of the loan agreements and result in the acceleration of Sirona's indebtedness. As of December 31, 2005, the ratio of adjusted EBITDA to consolidated net finance charges was 93.9 million: 27.6 million, or 3.40:1.00 and the ratio of consolidated total net debt to Adjusted EBITDA was 421.8 million: 93.9 million, or 4.49:1.00.

Consolidated net finance charges is defined as finance payments on borrowings, whether paid or accrued, including the interest element of lease and hire purchase payments and payments under interest rate hedging arrangements, but deducting accrued income under interest rate hedging instruments and accrued interest on bank

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accounts and excluding acquisition costs of the MDP Transaction and capitalized interest on certain mezzanine debt.

Consolidated total net debt is defined in the loan agreement as all obligations in respect of borrowings including only the capitalized value in the case of finance leases and deducting the aggregate amount of cash and cash equivalents that can be applied as prepayments on the loans.

Set forth below is a reconciliation of EBITDA to Adjusted EBITDA. Sirona believes that the inclusion of this measure is appropriate to provide additional information to investors to demonstrate compliance with Sirona's financial covenants and assess Sirona's ability to make acquisitions in the future. Adjusted EBITDA, consolidated net finance charges and consolidated total net debt are not defined terms under U.S. GAAP. Adjusted EBITDA



should not be considered an alternative to operating income or net income as a measure of operating results or an alternative to cash flows as a measure of liquidity. Consolidated net finance charges and consolidated total net debt should not be considered as alternatives to interest expense and debt.

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	Successor	Predecessor 2	Successor	Predecessor 2	Predecessor 1		
			Fiscal Year 2005		Fiscal Year 2004		Fiscal Year 2003
	Three Months ended December 31, 2005 (unaudited)	Three Months ended December 31, 2004 (unaudited)	July 1, 2005 to September 30, 2005	October 1, 2004 to June 30, 2005	February 17, 2004 to September 30, 2004	October 1, 2003 to February 16, 2004	Year ended September 30, 2003
	(U.S. \$ in thousands)						
EBITDA	\$ 35,399	\$ 48,749	\$ 8,444	\$ 83,499	\$ 21,227	\$ 45,572	\$ 65,266
Transaction related costs and non-cash charges included in EBITDA <sup>(a)</sup>	4,058	(14,295)	11,401	3,878	17,111	91	
Infrequent items included in EBITDA <sup>(a)</sup>					151	7	2,056
Minority interest <sup>(a)</sup>	(1)		(6)	50			
Transaction costs for failed acquisitions <sup>(a)</sup>			(81)	242	374	298	650
Pension interest expense <sup>(a)</sup>	460	606	476	1,563	1,105	792	1,572
U.S. GAAP to German GAAP adjustments <sup>(b)</sup>	103	(3,733)	964	(4,106)	1,872	(1,701)	(3,838)
Adjusted EBITDA	\$ 40,019	\$ 31,327	\$ 21,198	\$ 85,126	\$ 41,840	\$ 45,059	\$ 65,706

(a) Adjustments are based on amounts included in the U.S. GAAP financial statements. Transaction related costs were incurred in connection with the EQT Transaction and the MDP Transaction. Non-cash charges represent (1) the amounts related to the fair value increases in inventory costs incurred in connection with the EQT Transaction and the MDP Transaction and (2) the foreign exchange (gain) loss on bank debt resulting from transaction adjustments to the carrying value of a portion of Sirona's U.S. dollar denominated debt due to currency fluctuations.

(b) Sirona's debt covenant calculations are based on German GAAP financial statements. For purposes of the Exchange, Sirona has converted its financial statements to U.S. GAAP, although its debt covenants continue to require German GAAP calculations. The primary differences between German GAAP and U.S. GAAP for Sirona's debt covenant calculations include the following:

*Revenue Recognition.* German GAAP recognizes revenue upon shipment of the product. U.S. GAAP recognizes revenue upon risk of loss being transferred to the buyer, which depends in part on the shipping terms.

*Allowance For Doubtful Accounts.* German GAAP records an allowance for doubtful accounts even though the occurrence of a loss may not be probable. Under U.S. GAAP, the allowance for doubtful accounts is recognized when a loss is probable and reasonably estimable.

*Software Cost Capitalization.* German GAAP does not capitalize costs relating to the development of software for internal use or software to be sold. Under U.S. GAAP, certain costs that are incurred in the development stage are capitalized for software for internal use. For software developed and to be



included in products, costs that are incurred after the software has achieved technological feasibility are capitalized until the software is available for market release.

*Foreign Currency Accounting.* German GAAP translates the income statements of foreign subsidiaries at the spot rate at the balance sheet date and recognizes unrealized losses (but not gains) on foreign currency denominated receivables or payables. Under U.S. GAAP, the income statements of foreign subsidiaries are translated using a weighted average rate, whereas foreign currency denominated receivables and payables are translated at the rate at the balance sheet date. In addition, U.S. GAAP recognizes both unrealized gains and losses on foreign currency denominated receivables or payables.

**Summary Unaudited Pro Forma Condensed Consolidated Financial Data of Schick and Sirona**

The following summary unaudited pro forma condensed consolidated financial data was prepared using the purchase method of accounting. For accounting purposes, Sirona is considered to be acquiring Schick on the Exchange. The unaudited pro forma condensed consolidated statements of operations data (1) combine the historical statements of operations of Schick and Sirona and its predecessor for the twelve-month period ended September 30, 2005 and (2) combine the historical interim statements of operations of Schick and Sirona for the three months ended December 31, 2005, as if the Exchange and the MDP Transaction had occurred on October 1, 2004. The unaudited pro forma condensed consolidated balance sheet data combines the historical balance sheets of Schick and Sirona as of December 31, 2005, giving effect to the Exchange as if it had occurred as of December 31, 2005.

The selected unaudited pro forma condensed consolidated financial data is based on estimates and assumptions that are preliminary. The data is presented for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial condition of Sirona that would have been reported had the MDP Transaction and the Exchange been completed as of the dates presented, and should not be taken as representative of future consolidated results of operations or financial condition of Sirona or the combined company. Please also read the section in this proxy statement entitled *Forward Looking Statements* for more information on the statements made in this section.

This selected unaudited pro forma condensed consolidated financial data should be read in conjunction with the unaudited pro forma condensed consolidated financial statements and accompanying notes and Sirona's consolidated financial statements contained elsewhere in this proxy statement, and Schick's historical financial statements incorporated by reference into this proxy statement. See the section entitled *Where You Can Find More Information*.

**Pro Forma Condensed Consolidated Statements of Operations Data**

	<b>Three Months ended December 31, 2005</b>	<b>Year ended September 30, 2005</b>
	(U.S. \$ in thousands, except share and per share amounts)	
Revenue	\$ 157,987	\$ 523,817
Profit from operations	28,652	23,851
Net income (loss)	8,659	(14,009)
Basic net income (loss) per share	\$ 0.16	\$ (0.26)
Diluted net income (loss) per share	\$ 0.16	\$ (0.26)
Shares used in computation of basic net income (loss) per share <sup>(1)</sup>	54,847,428	54,552,846
Shares used in computation of diluted net income (loss) per share <sup>(1)</sup>	55,435,682	54,552,846

- (1) Assumes 36,972,480 newly issued shares of Schick's common stock issued to Luxco and exercise of 1,700,337 unrestricted vested Schick options prior to consummation of the Exchange for basic net income (loss) per share plus unvested Schick stock options and restricted vested Schick stock options using the treasury method for diluted net income (loss) per share.

**Pro Forma Condensed Consolidated Balance Sheet Data**

	<b>As of December 31, 2005</b>
	<b>(U.S. \$ in thousands)</b>
Cash and cash equivalents	\$ 49,978
Total assets	1,518,430
Long-term obligations:	
Long-term debt	534,029
Deferred taxes	253,901
Deferred income	100,000
Other	45,616
Total long-term obligations	933,546
Total stockholders' equity	\$ 482,923

**Comparative Historical and Pro Forma Consolidated Per Share Data**

The following table presents Schick's historical per share data regarding its net income (loss) and book value and unaudited consolidated pro forma per share data after giving effect to the Exchange as a purchase of Schick by Sirona and, in the case of the statement of operations data for the year ended September 30, 2005, after giving effect to the MDP Transaction. The pro forma net income (loss) and book value per share information gives effect to the Exchange and the MDP Transaction for the year ended September 30, 2005 as if they had occurred on October 1, 2004, and the pro forma net income (loss) and book value per share information for the three months ended December 31, 2005 gives effect to the Exchange as if it had occurred on October 1, 2004. The pro forma consolidated number of shares used in the calculations of the per share data consist of 36,972,480 newly issued shares of Schick common stock to be issued to Luxco, added to the number of shares used in the computation of Schick's historical basic and diluted net income per share and book value per share for the period. Neither Schick nor Sirona has paid any cash dividends during the period presented.

The data has been derived from, and should be read in conjunction with, Sirona's historical consolidated financial statements and accompanying notes and the unaudited pro forma condensed consolidated financial statements and accompanying notes contained elsewhere in this proxy statement, and Schick's historical consolidated financial statements incorporated by reference into this proxy statement. The unaudited pro forma per share data is presented for informational purposes only and is not intended to represent, or be indicative of, the consolidated results of operations or financial condition of the combined company that would have been reported had the transactions been completed as of the dates presented, and should not be taken as representative of future consolidated results of operations or financial condition of the combined company.

	<u>Historical<sup>(1)</sup></u>	<u>Pro Forma</u>
	<u>Schick</u>	<u>Schick and Sirona consolidated</u>
<b>Basic net income (loss) per common share:</b>		
Year ended September 30, 2005	\$ 0.87 <sup>(2)</sup>	\$ (0.26)
Three months ended December 31, 2005	\$ 0.37	\$ 0.16
Shares used in computation of basic net income (loss) per common share:		
Year ended September 30, 2005	15,880,029 <sup>(2)</sup>	54,552,846
Three months ended December 31, 2005	16,174,611	54,847,428
<b>Diluted net income (loss) per common share:</b>		
Year ended September 30, 2005	\$ 0.78 <sup>(2)</sup>	\$ (0.26)
Three months ended December 31, 2005	\$ 0.33	\$ 0.16
Shares used in computation of diluted net income (loss) per common share:		
Year ended September 30, 2005	17,628,452 <sup>(2)</sup>	54,552,846
Three months ended December 31, 2005	18,027,735	55,435,682
<b>Book value per common share:</b>		
As of December 31, 2005	\$ 3.88	\$ 8.80
Shares used in computation of book value per common share:		
As of December 31, 2005	16,202,405	54,875,222

- (1) Sirona's historical per share data regarding net income and book value is not presented in this table, as such disclosure does not provide meaningful information to stockholders. During the year ended September 30, 2005, Sirona operated under two capital structures: Sirona Dental Systems Beteiligungs-und Verwaltungs GmbH operated Sirona's business from October 1, 2004 to June 30, 2005 and a newly formed entity controlled by funds managed by Madison Dearborn Partners operated Sirona's business from July 1, 2005 to September 30, 2005 upon completion of a leveraged buy-out. As a result of the change in cost basis, both successor and predecessor period information is presented in Sirona's consolidated financial statements. Calculation of Sirona's historical net income per share and book value per share does not provide a useful comparison to either Schick's historical per share data or pro forma consolidated per share data since Sirona's results of operations were not consistently presented for the entire fiscal year.
- (2) Schick's fiscal year ends on March 31. Accordingly, Schick's net income, basic and diluted net income per common share, and the number of shares used in the computation of basic and diluted earnings per common share for the year ended September 30, 2005, were not obtained from Schick's annual audited financial statements. Schick's financial data presented in this table has been prepared assuming a September 30 fiscal year end, to conform to Sirona's fiscal year end. Certain reclassifications have been made to conform Schick's historical reported balances to Sirona's financial basis of presentation. See the unaudited pro forma condensed consolidated financial statements contained elsewhere in this proxy statement.

### FORWARD-LOOKING STATEMENTS

This proxy statement and the documents incorporated by reference into this proxy statement contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to Schick's and Sirona's financial condition, results of operations and businesses and the expected impact of the proposed transaction with Sirona on Schick's financial performance. Words such as anticipates, expects, intends, plans, predicts, believes, seeks, estimates, could, would, will, may, can, continue, potential, terms or other comparable terminology often identify forward-looking statements. These forward-looking statements are based on Schick's current estimates and assumptions, and as such, involve uncertainty and risk. Statements in this proxy statement and the other documents incorporated by reference that are not historical facts are forward-looking statements for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, and Section 27A of the Securities Act of 1933, as amended, referred to as the Securities Act. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements, including the risks discussed in this proxy statement, in Schick's Annual Report on Form 10-K for the fiscal year ended March 31, 2005, and the risks detailed from time to time in Schick's future reports to be filed with the SEC. Many of the important factors that will determine these results are beyond Schick's ability to control or predict. Schick's stockholders are cautioned not to put undue reliance on any forward-looking statements, which speak only as of the date of the proxy statement or, in the case of documents incorporated by reference, as of the date of such documents. Except to the extent required under federal securities laws, Schick does not assume any obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events. In the event of any material change in any of the information previously disclosed, we will, where relevant and if required by applicable law, update such information through a supplement to this proxy statement, to the extent necessary.

All information contained in this proxy statement concerning Sirona and Luxco has been supplied by Sirona and Luxco and has not been independently verified by Schick.

## RISK FACTORS

*The business in which we and Sirona are currently engaged, and in which the combined company will be engaged following the Exchange, is rapidly changing and involves a high degree of risk. The combination of Schick and Sirona also involves risks relating to the integration of the two companies as a global dental technology company. We urge you to consider carefully the following risks before deciding whether to approve the proposals to be voted upon by our stockholders at the special meeting. These factors should be considered in conjunction with the other information included in or incorporated by reference into this proxy statement.*

### **Risks Related to the Exchange**

*There will be challenges involved in the integration of Schick and Sirona and, as a result, the combined company may not realize the expected benefits of the Exchange.*

If the stockholders of the combined company are to realize the anticipated benefits of the Exchange, the operations of Schick and Sirona must be integrated and combined efficiently. We cannot assure you that the integration will be successful or that the anticipated benefits of the Exchange will be fully realized. Similarly, we cannot guarantee that you will achieve greater value through your ownership of our common stock as a result of the Exchange. The dedication of the combined company's management resources to integration activities relating to the Exchange may detract attention from the day-to-day business of the combined company. The difficulties of combining the operations of both companies include, among others:

consolidating research and development operations;

retaining and assimilating key personnel;

preserving the licensing, research and development, manufacturing, supply, collaboration and other important relationships of Schick and Sirona;

motivating employees in light of organizational changes resulting from the Exchange;

integrating operations and technologies;

retaining customers and strategic partners;

creating uniform controls, procedures, policies and information systems;

combining corporate cultures and coordinating multi-national operations; and

minimizing the diversion of management's attention from ongoing business concerns.

It is possible that the combined company will be unable to integrate the two businesses so as to realize all of the benefits that we expect to result from the Exchange. Integration of operations may be difficult and may have unintended consequences. The diversion of attention of management from its current operations to integration efforts and any difficulties encountered in combining the operations could adversely affect the combined company's ability to execute its growth strategy and could have a material adverse effect on the business and results of operations of the combined company and, as a result, on the market price of Schick's common stock.

*The issuance of shares of Schick's common stock in connection with the Exchange will significantly dilute the voting power and ownership percentage of our existing stockholders.*

In connection with the transactions, we will issue to Luxco shares of Schick's common stock representing approximately 66.1% of the outstanding shares of our common stock, determined as of December 31, 2005, on a fully diluted basis. Immediately following the Exchange, our existing stockholders and optionholders will hold approximately 33.9% of the outstanding shares of our common stock on a fully diluted basis.



*Some of the directors and executive officers of Schick may have interests in the Exchange that are different from or in conflict with those of the stockholders of Schick and those interests may influence such directors and executive officers to support the approval of the Exchange.*

Some of the directors and officers of Schick participate in arrangements that provide them with interests in the Exchange that are different from those of the other stockholders of Schick. These interests, which may influence these individuals to support the Exchange and the other transactions under the Exchange Agreement, include the following:

Upon the execution of the Exchange Agreement and related documents on September 25, 2005, the vesting of 15,000 options held by each of our directors William K. Hood, Arthur D. Kowaloff and Curt Rocca were accelerated according to their terms and such options became fully vested as of such date. Those options would otherwise have vested on June 9, 2006, November 4, 2005 and February 3, 2006, respectively.

Michael Stone, our Executive Vice President of Sales and Marketing, was granted 75,000 options on September 25, 2005, subject to the approval of the amendment to the 1996 Stock Option Plan as described in Proposal 3, and the vesting of such options will not commence until the closing of the Exchange. In addition, the vesting of an additional 84,377 options held by Mr. Stone will accelerate and such options will be fully vested at the closing of the Exchange according to their terms. He may also receive a one-time bonus of \$497,590 that would be paid at the same time as the payment of the \$2.50 per share dividend discussed elsewhere in this proxy statement. We anticipate that we will enter into a new employment agreement with Mr. Stone pursuant to which he would agree that 199,036 shares of Schick common stock that he may acquire upon the exercise of outstanding stock options, including the 75,000 options provisionally granted as described above, may not be sold by him unless our Board approves the sale (with such approval not to be unreasonably withheld). This restriction on his ability to sell those shares would remain in effect until the earlier of September 25, 2013 or the termination of his employment.

Jeffrey T. Slovin, our Chief Executive Officer, was granted 1,130,000 options on September 25, 2005, subject to the approval of the amendment to the 1996 Stock Option Plan as described in Proposal 3, and the vesting of such options will not commence until the closing of the Exchange. If the amendment to the 1996 Stock Option Plan is not approved by the stockholders, Mr. Slovin will be entitled to receive the economic equivalent of such options. In addition, the vesting of an additional 86,907 options held by Mr. Slovin will accelerate and such options will be fully vested at the closing of the Exchange according to their terms. Mr. Slovin may also receive a one-time bonus of \$1,014,463 that would be paid at the same time as the payment of the \$2.50 per share dividend.

Mr. Slovin's option agreement also provides that shares acquired upon the exercise of the 1,130,000 options granted on September 25, 2005 or upon the exercise of the 400,000 options granted under his current employment agreement may be sold only with Board approval (not to be unreasonably withheld) until the earlier of September 25, 2013 or the termination of his employment and directorship.

We will enter into a new employment agreement with Mr. Slovin pursuant to which he will serve as Executive Vice President of the combined company and Chief Operating Officer of U.S. Operations following the closing of the transactions under the Exchange Agreement. This employment agreement will become effective at the closing of the Exchange and will supersede in their entirety at such time the existing employment agreement and other compensatory arrangements with Mr. Slovin. Pursuant to the new employment agreement, Mr. Slovin will receive no increase in salary, and his term of employment will not be extended beyond the term set forth in his existing employment agreement. He will be eligible for a bonus plan to be developed for all senior executives after the closing of the Exchange. Please see *The Exchange Interests of Directors, Officers and Affiliates Executive Employment Agreement* under Proposal 1 and *Other Information for the Special Meeting of Schick's Stockholders Employment, Change of Control and Severance Agreements New Agreement Effective upon Closing of the Transactions under the Exchange Agreement* for a description of the material terms and conditions of this employment agreement.

At approximately the same time as we pay the \$2.50 per share dividend, other Schick officers may also receive one-time bonuses, as follows: Stan Mandelkern, our Vice President of Engineering, may receive \$84,033; Will Autz, our Vice President of Manufacturing, may receive \$98,083; Ari Neugroschl, our Vice President of Management Information Systems, may receive \$19,593; Zvi Raskin, our General Counsel and Secretary, may

receive \$24,638; and Ronald Rosner, our Director of Finance and Administration, may receive \$21,170. Such one-time bonuses were calculated to equal the respective amounts that each of the foregoing employees would have received upon the payment of the \$2.50 per share dividend for the shares underlying their unvested or restricted employee stock options. Under the terms of Schick's 1996 Employee Stock Option Plan, unvested options may not be exercised prior to the date they vest.

Existing registration rights agreements between Schick, Greystone and Mr. Slovin have been amended to conform to the Registration Agreement that will be entered into with Luxco. Please see the section entitled "The Exchange" Restrictions on Ability to Sell Schick Common Stock; Registration Agreement" under Proposal 1. Following the Exchange, Greystone, Mr. Slovin and Luxco would be able to participate in registrations effected at each other's request, and Schick would pay the expenses of such registrations, except for underwriting discounts and commissions.

***A class action has been filed by a stockholder of Schick seeking, among other things, to enjoin the consummation of the Exchange.***

On September 28, 2005, a complaint was filed in the Delaware Court of Chancery with respect to the Exchange Agreement. The complaint purports to be filed by a stockholder of Schick as a class action. It names Schick, its directors, Luxco, Sirona Holdings S.A., Madison Dearborn Partners, LLC, and related parties, as defendants. The complaint alleges, among other things, that the terms of the transaction contemplated under the Exchange Agreement are unfair to Schick's public stockholders and that the directors of Schick violated their fiduciary duties. The plaintiff seeks, among other things, class action certification, a preliminary and permanent injunction against consummation of the Exchange, rescission should the Exchange be consummated, compensatory damages to the class, and attorneys' fees and expenses. Although we intend to vigorously defend the action, we cannot assure you that we will prevail in the action and that the Exchange will be consummated. Schick and Sirona may incur substantial expense in connection with this litigation, and the proceedings may divert the attention of the management of both companies, even if they ultimately prevail.

***Any failure to complete the proposed transactions or delay in the completion of the proposed transactions could cause us to incur substantial costs and negatively affect our results of operations.***

If the transactions are not completed on a timely basis or at all, we may suffer negative consequences to our business, results of operations, financial condition and prospects, including, among others, the following:

substantial fees and expenses related to the Exchange, including legal and accounting fees and disbursements, which must be paid even if the Exchange is not completed; and

if the Exchange Agreement is terminated and our board of directors determines to pursue another transaction, it may not be able to find a partner at all or on terms as attractive as those provided for by the transaction described herein.

***The Exchange may be completed even though material adverse changes may result from the announcement of the Exchange, industry-wide changes and other causes.***

In general, Schick or Sirona can refuse to complete the Exchange if there is a material adverse change affecting the other party between the date of signing of the Exchange Agreement, September 25, 2005, and the closing of the Exchange transactions. However, certain types of changes will not prevent the Exchange from going forward, even if they would have a material adverse effect on Schick or Sirona, including:

changes resulting from general economic conditions;

changes resulting from conditions affecting the industry in which Sirona and Schick operate, except to the extent the effect of such changes on Sirona or Schick is materially disproportionate;

changes directly and primarily resulting from the announcement or proposed consummation of the transactions contemplated by the Exchange Agreement; or

changes resulting from compliance with the terms and conditions of the Exchange Agreement.

If adverse changes occur but Schick and Sirona must still complete the Exchange, Schick's stock price may decline.

***General uncertainty related to the Exchange could cause us harm.***

Customers of Schick or Sirona may, in response to the announcement of the proposed Exchange, delay or defer purchasing decisions. If these customers delay or defer purchasing decisions, Schick's or Sirona's revenue could materially decline or any anticipated increases in revenue could be lower than expected. Also, speculation regarding the likelihood of the closing of the Exchange could increase the volatility of the market price of Schick's common stock.

***During the pendency of the Exchange, Schick may not be able to enter into a similar transaction or business combination with another party because of restrictions in the Exchange Agreement.***

Covenants in the Exchange Agreement may impede the ability of Schick to make acquisitions or complete other transactions that are not in the ordinary course of business pending completion of the Exchange without the consent of Sirona and Luxco. As a result, we may be at a disadvantage to our competitors if we are unable to pursue such transactions.

**Risks Related to the Business of the Combined Company**

***The combined company must develop new products and enhancements to existing products to remain competitive.***

Schick and Sirona are currently developing new products and enhancements to existing products. We cannot assure you that the combined company will initiate, continue with and/or succeed in its efforts to develop or enhance such products. It is expected that the combined company will file 510(k) applications with the Food and Drug Administration, or FDA, and similar filings with governmental authorities in other countries in connection with its future products and certain of its future product enhancements. There can be no assurance that the it will file applications for or obtain regulatory approval from the FDA, either in the form of a pre-market clearance or a 510(k) clearance, for any of its future products, or that in order to obtain FDA clearance, it will not be required to submit additional data or meet additional FDA requirements that may substantially delay the application process and result in substantial additional expense. In addition, such pre-marketing clearance, if obtained, may be subject to conditions on marketing or manufacturing which could impede the combined company's ability to manufacture and/or market its products. While Schick and Sirona are engaged in research and development to develop new products, we cannot assure you that the combined company will be successful in such endeavors. There can be no assurance that any new products will be developed by the combined company, or if developed, will be approved by, or receive marketing clearance from, applicable domestic and/or international governmental or regulatory authorities. If it is unable to develop, obtain regulatory approval for and market new products and enhancements to existing products, its business and results of operations could be harmed.

***The combined company's business may be negatively affected if it does not continue to adapt to rapid technological change, evolving industry standards and new product introductions.***

The market for the combined company's products is characterized by rapid and significant technological change, evolving industry standards and new product introductions. Its products require significant planning, design, development and testing which require significant capital commitments and investment by it. There can be no assurance that its products or proprietary technologies will not become noncompetitive or obsolete as a result of technological change, evolving industry standards or new product introductions or that it will be able to generate any

economic return on its investment in product development. If our products or technologies become noncompetitive or obsolete, our business could be negatively affected.

***Competition in the markets for the combined company's products is intense and it may not be able to compete effectively.***

Competition relating to our current products is intense and includes various companies, both within and outside of the United States. We anticipate that competition for our future products will also be intense and include various companies, both within and outside of the United States and Europe. Our competitors and potential competitors include large companies with substantially greater financial, sales and marketing, and technical resources, larger and more experienced research and development staffs, more extensive physical facilities and substantially greater experience in obtaining regulatory approvals and in marketing products than we have. In addition, we cannot assure you that the combined company's competitors are not currently developing, or will not attempt to develop, technologies and products that are more effective than those being developed by us or Sirona or that would otherwise render Schick's or Sirona's existing and new technology and products obsolete or noncompetitive. The combined company may not be able to compete successfully and may lose market share to its competitors.

***The combined company's failure to obtain issued patents and, consequently, to protect its proprietary technology, could hurt its competitive position.***

The combined company's success will depend in part on its ability to obtain and enforce claims in its patents directed to the combined company's products, technologies and processes, both in the United States and in other countries. Risks and uncertainties that the combined company will face with respect to its patents and patent applications include the following:

the pending patent applications that Schick or Sirona have filed, or to which Schick, Sirona or the combined company has exclusive rights, may not result in issued patents or may take longer than the combined company expects to result in issued patents;

the allowed claims of any patents that issue may not provide meaningful protection;

the combined company may be unable to develop additional proprietary technologies that are patentable;

the patents licensed or issued to Schick, Sirona or the combined company may not provide a competitive advantage;

other companies may challenge patents licensed or issued to Schick, Sirona or the combined company;

disputes may arise regarding inventions and corresponding ownership rights in inventions and know-how resulting from the joint creation or use of intellectual property by Schick, Sirona or the combined company and their respective licensors; and

other companies may design around the technologies patented by Schick, Sirona or the combined company.

***If the combined company cannot obtain or maintain approval from government agencies, it will not be able to sell its products.***

The combined company must obtain certain approvals by, and marketing clearances from, governmental authorities, including the FDA and similar health authorities in foreign countries to market and sell its products in those countries. These regulatory agencies regulate the marketing, manufacturing, labeling, packaging, advertising, sale and distribution of medical devices. The FDA enforces additional regulations regarding the safety of X-ray emitting devices. The combined company's products are currently regulated by such authorities and certain of its

new products will require approval by, or marketing clearance from, various governmental authorities, including the FDA. Various states also impose similar regulations.

The FDA review process typically requires extended proceedings pertaining to the safety and efficacy of new products. A 510(k) application is required in order to market a new or modified medical device. If specifically required by the FDA, a pre-market approval, or PMA, may be necessary. Such proceedings, which must be completed prior to marketing a new medical device, are potentially expensive and time consuming. They may delay or hinder a product's timely entry into the marketplace. Moreover, there can be no assurance that the review or approval process for these products by the FDA or any other applicable governmental authorities will occur in a timely fashion, if at all, or that additional regulations will not be adopted or current regulations amended in such a manner as will adversely affect us. The FDA also oversees the content of advertising and marketing materials relating to medical devices which have received FDA clearance. Failure to comply with the FDA's advertising guidelines may result in the imposition of penalties. The combined company will also be subject to other federal, state and local laws, regulations and recommendations relating to safe working conditions, laboratory and manufacturing practices. The extent of government regulation that might result from any future legislation or administrative action cannot be accurately predicted. Failure to comply with regulatory requirements could have a material adverse effect on the combined company's business.

Similar to the FDA review process, the EU review process typically requires extended proceedings pertaining to the safety and efficacy of new products. Such proceedings, which must be completed prior to marketing a new medical device, are potentially expensive and time consuming and may delay or prevent a product's entry into the marketplace.

***The revenue and operating results of the combined company are likely to fluctuate.***

The quarterly operating results of Schick and Sirona have varied in the past and are likely to vary in the future. These variations result from a number of factors, many of which are substantially outside of our control and the control of Sirona, including:

- the timing of new product introductions by us, Sirona or our competitors;
- changes in relationships with distributors;
- developments in government reimbursement policies;
- changes in product mix;
- the combined company's ability to supply products to meet customer demand;
- fluctuations in manufacturing costs; and
- income tax incentives.

In addition, our sales of CDR(R) products have been subject to seasonal variations at various times in the past, and Sirona's sales have historically been moderately seasonal and have been strongest in October through March. Due to the variations which we and Sirona have experienced in our quarterly operating results, we do not believe that period-to-period comparisons of results of operations of Schick or Sirona are necessarily meaningful or reliable as indicators of future performance. Accordingly, operating results of the combined company may be below public expectations in future fiscal periods. The failure of the combined company to meet these expectations may cause our share price to decline.

***The combined company's financial results may be adversely affected by fluctuations in foreign currency exchange rates.***

The combined company will be exposed to currency exchange risk with respect to the U.S. dollar in relation to the euro, because a large portion of its revenue and expenses will be denominated in euros. This exposure may increase if the combined company expands its operations in Europe. While Sirona has entered into hedging arrangements to protect its business against certain currency fluctuations, these hedging arrangements do not, however, provide comprehensive protection. The combined company will monitor changes in its exposure to exchange rate risk that result from changes in its situation. If the combined company does not enter into effective hedging arrangements in the future, its results of operations and prospects could be materially and adversely affected.

***Sirona's substantial indebtedness could have material adverse consequences for its business, cash flow, financial condition and results of operations.***

Sirona is a highly leveraged company, with total indebtedness to unrelated parties of \$547.1 million as of December 31, 2005. This substantial level of indebtedness, combined with its other financial obligations and contractual commitments, could have important consequences to its business. For example, it could:

increase the risk that Sirona is unable to generate cash sufficient to pay amounts due on its indebtedness;

make it more vulnerable to adverse changes in general economic, industry and competitive conditions and to adverse changes in government regulation;

require Sirona to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, including any indebtedness it may incur in the future, thereby reducing the availability of its cash flows to fund working capital, capital expenditures, research and development, acquisitions and other general corporate purposes;

limit Sirona's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;

place Sirona at a competitive disadvantage compared to its competitors that have less debt; and

limit Sirona's ability or the combined company's ability to borrow additional amounts or to sell capital stock for working capital, capital expenditures, research and development, acquisitions, debt service requirements or other general corporate purposes.

Any of these factors could materially and adversely affect Sirona's business, cash flows, financial condition and results of operations, and could therefore have a material adverse effect on the combined company following the Exchange.

***Restrictive covenants contained in the agreements governing Sirona's indebtedness may limit its current and future operations and its ability to respond to changes in its business and to pursue its business strategies, and may limit the combined company's ability to realize the benefits expected to be achieved as a result of the Exchange.***

The agreements governing Sirona's indebtedness contain, and any future indebtedness of Sirona or Schick may contain, a number of restrictive covenants that impose significant operating and financial restrictions on the business, including restrictions on the ability to take actions that may be in the best interest of the business. These restrictions include a prohibition on mergers and a set of conditions to any business acquisition. These conditions include metrics relating to the price, earnings and indebtedness of the target, the level of control to be acquired and the pro forma resulting ratio of consolidated total net debt of Sirona to Adjusted EBITDA. Other covenants limit joint ventures, asset dispositions, lending activities and capital expenditures. The financial covenants require that Sirona continue to have a ratio of cashflow to net debt service of at least 1.0 to 1.0; a ratio of Adjusted EBITDA to consolidated net finance charges of at least 1.80 to 1.00, rising gradually to 3.50 to 1.00; and a ratio of consolidated total net debt to Adjusted EBITDA of no more than 7.95 to 1.00 declining gradually to 3.00 to 1.00. Failure to

comply with these covenants will result in a default under the terms of Sirona's loan agreements and may result in acceleration of repayment of the principal due, which would affect Sirona's access to its overdraft facility and its acquisition facility. (For the definitions of Adjusted EBITDA, consolidated total net debt and consolidated net finance charges, see Page 19.)

The agreements governing Sirona's indebtedness do not currently require that the existing operations of Schick become subject to these agreements following the Exchange, but the covenants contained within them include certain limitations that prohibit intercompany transfers and transactions between Schick and Sirona that are not on an arms-length basis, and may therefore limit the combined company's operating flexibility. After the Exchange, the combined company may decide to amend, replace or refinance Sirona's existing indebtedness, at which time all of Schick's existing operations may become subject to the restrictive covenants of the type described above and other covenants, which could significantly limit the combined company's financial and operating flexibility, including its ability to pursue its business strategies and to respond to changes in its business, and may limit the combined company's ability to realize the benefits expected to be achieved as a result of the Exchange.

***If the combined company loses its key management personnel or is unable to attract and retain qualified personnel, it could delay or hurt the combined company's research and product development efforts.***

The success of the combined company is dependent, in part, upon its ability to hire and retain management, sales, technical, research and other personnel who are in high demand and are often subject to competing employment opportunities. It is possible that the loss of the services of one or a combination of its senior executives or key managers could have an adverse effect on its operations. At the current time, only Jeffrey T. Slovin, the current Chief Executive Officer of Schick, and Michael Stone, the current Executive Vice President of Sales and Marketing of Schick, are employed pursuant to written employment agreements with Schick, and Jost Fischer and Simone Blank are employed pursuant to written employment agreements with Sirona.

***The combined company may experience difficulties managing its growth, which could adversely affect its results of operations.***

It is expected that the combined company will grow in certain areas of its operations as it develops and, assuming receipt of the necessary regulatory approvals, markets its products. The combined company will therefore need to recruit personnel, particularly sales and marketing personnel, and expand its capabilities, which may strain its managerial, operational, financial and other resources. To compete effectively and manage its growth, the combined company must:

train, manage, motivate and retain a growing employee base;

accurately forecast demand for, and revenue from, its product candidates; and

expand existing operational, financial and management information systems to support its development and planned commercialization activities and the multiple locations of its offices.

The combined company's failure to manage these challenges effectively could materially harm its business.

***Since the combined company will operate in markets outside of the United States and Europe, we are subject to additional risks.***

For the twelve months ended December 31, 2005, Schick's sales to customers outside of the United States and Europe were approximately 6% of its revenue and Sirona's sales to customers outside of the United States and Europe were approximately 20% of its revenue. We anticipate that sales outside of the United States and Europe will continue to account for a significant percentage of the combined company's revenue. Such revenue is subject to a number of uncertainties, including but not limited to the following:

economic and political instability;

import or export licensing requirements;

trade restrictions;

longer payment cycles;

unexpected changes in regulatory requirements and tariffs;

fluctuations in currency exchange rates;

potentially adverse tax consequences; and

potentially weak protection of intellectual property rights.

These risks may impair our ability to generate revenue from the combined company's sales efforts. In addition, many countries outside of the United States and Europe have their own regulatory approval requirements for the sale of products. As a result, the introduction of new products, and the combined company's continued sale of existing products, into these markets could be prevented and/or costly and/or time-consuming, and we cannot assure you that we will be able to obtain the required regulatory approvals on a timely basis, if at all.

***The combined company may be a party to legal actions that are not covered by insurance.***

The combined company may be a party to a variety of legal actions, such as employment and employment discrimination-related suits, employee benefit claims, breach of contract actions, tort claims, stockholder suits, including securities fraud, governmental investigations and intellectual property related litigation. In addition, because of the nature of the combined company's business, it is subject to a variety of legal actions relating to its business operations. Recent court decisions and legislative activity in the United States may increase its exposure for any of these types of claims. In some cases, substantial punitive damages may be sought. Schick and Sirona currently have insurance coverage for some of these potential liabilities. Other potential liabilities may not be covered by insurance, insurers may dispute coverage, or the amount of insurance may not be sufficient to cover the damages awarded. In addition, certain types of damages, such as punitive damages, may not be covered by insurance and/or insurance coverage for all or certain forms of liability may become unavailable or prohibitively expensive in the future.

***Schick and Sirona are dependent upon a limited number of suppliers for critical components. If these suppliers delay or discontinue the manufacture of these components, the combined company may experience delays in shipments, increased costs and cancellation of orders for its products.***

Schick and Sirona rely on key suppliers for various critical components. The combined company will procure certain components from outside sources which are sole suppliers. The availability and prices of these components may be subject to change due to interruptions in production, changing market conditions and other events. Any delays in delivery of or shortages in these components could interrupt and delay manufacturing of the combined company's products and result in the cancellation of orders for its products. In addition, these suppliers could discontinue the manufacture or supply of these components at any time. The combined company may not be able to identify and integrate alternative sources of supply in a timely fashion or at all. Any transition to alternate suppliers may result in delays in shipment and increased expenses and may limit the combined company's ability to deliver products to its customers. If it was unable to develop reasonably-priced alternative sources in a timely manner, or if it encountered delays or other difficulties in the supply of such products and other materials from third parties, its business and results of operations would be harmed. In past years, semiconductors have been subject to significant price fluctuations. While Schick and Sirona have, in the past, attempted to mitigate the effects of such potential fluctuations, we cannot assure you that the combined company will continue to do so or that it will be able to successfully mitigate the effect of future price increases on its results of operations and financial condition.



***Our exclusive right to sublicense certain patents, patent applications and other know-how related to complementary metal oxide active pixel sensor technology is subject to certain rights to use by others.***

We are the exclusive sub-licensee for use in medical radiography applications of certain patents, patent applications and other know-how related to complementary metal oxide semiconductor active pixel sensor technology, which was developed by the California Institute of Technology and licensed to Photobit Corp., from which we obtained our sub-license. Photobit was subsequently acquired by Micron Technology, Inc., which continues to sublicense the complementary metal oxide semiconductor intellectual property to us. Our exclusive rights to such technology are subject to government rights to use, noncommercial educational and research rights to use by California Institute of Technology and the Jet Propulsion Laboratory, and the right of a third party to obtain a nonexclusive license from the California Institute of Technology with respect to such technology. We believe that, as of the date of this proxy statement, except for such third party's exercise of its right to obtain a nonexclusive license to use the active pixel sensor technology in a field other than medical radiography, none of the foregoing parties have given notice of their exercise of any of their respective rights to such technology. We cannot assure you that this will continue to be the case, and any such exercise could harm our business. Additionally, the agreement between Schick and Photobit Corp. required, among other things, that we use all commercially reasonable efforts to timely introduce, improve and market and distribute licensed products in various fields. We have not introduced licensed products in certain of these fields, and we cannot assure you that the combined company will do so in the future or that it will comply with the obligations under Schick's agreement with Photobit Corp. Any such failure to introduce licensed products or comply with the obligations could have a material adverse effect on the combined company.

***The profitability of the combined company could suffer if third parties infringe upon its proprietary technology.***

The profitability of the combined company could suffer if third parties infringe upon its intellectual property rights or misappropriate its technologies and trademarks for their own businesses. To protect its rights to its intellectual property, the combined company will rely on a combination of patent and trademark law, trade secret protection, confidentiality agreements and contractual arrangements with its employees, strategic partners and others. We cannot assure you that any of Schick or Sirona's patents, any of the patents of which Schick or Sirona are a licensee or any patents which may be issued to the combined company or which it may license in the future, will provide it with a competitive advantage or afford it protection against infringement by others, or that the patents will not be successfully challenged or circumvented by third parties, including its competitors. The protective steps Schick and Sirona have taken may be inadequate to deter misappropriation of the proprietary information of the combined company. It may be unable to detect the unauthorized use of, or take appropriate steps to enforce, its intellectual property rights. Effective patent, trademark and trade secret protection may not be available in every country in which it will offer, or intends to offer, its products. Any failure to adequately protect the combined company's intellectual property could devalue its proprietary content and impair its ability to compete effectively. Further, defending its intellectual property rights could result in the expenditure of significant financial and managerial resources.

***The combined company's products may infringe on the intellectual property rights of others.***

Litigation may be necessary to enforce the claims in any patents issued to Schick, Sirona or the combined company or to defend against any claims of infringement of patents owned by third parties that are asserted against Schick, Sirona or the combined company. In addition, the combined company may have to participate in one or more interference proceedings declared by the United States Patent and Trademark Office, the European Patent Office or other foreign patent governing authorities, which could result in substantial costs to determine the priority of inventions.

If the combined company becomes involved in litigation or interference proceedings, it may incur substantial expense, and the proceedings may divert the attention of the combined company's technical and management personnel, even if the combined company ultimately prevails. An adverse determination in proceedings of this type could subject the combined company to significant liabilities, allow the combined company's competitors to market competitive products without obtaining a license from the combined company, prohibit the combined company from marketing its products or require the combined company to seek licenses from third parties

that may not be available on commercially reasonable terms, if at all. If the combined company cannot obtain such licenses, it may be restricted or prevented from commercializing its products.

The enforcement, defense and prosecution of intellectual property rights, including the United States Patent and Trademark Office's, the European Patent Office's and other foreign patent offices' interference proceedings, and related legal and administrative proceedings in the United States and elsewhere, involve complex legal and factual questions. As a result, these proceedings are costly and time-consuming, and their outcome is uncertain. Litigation may be necessary to:

assert against others or defend the combined company against claims of infringement;

enforce patents owned by, or licensed to, Schick, Sirona or the combined company from another party;

protect Schick's, Sirona's or the combined company's trade secrets or know-how; or

determine the enforceability, scope and validity of the proprietary rights of Schick, Sirona, the combined company or others.

***Healthcare reform could cause a decrease in demand for the combined company's products.***

There are currently legislative efforts to control healthcare costs in the United States and abroad, which we expect will continue in the future. At this time, we are unable to determine whether and to what extent these changes will apply to the products and business of the combined company. Similar legislative efforts in the future could negatively impact demand for the combined company's products.

***Product liability claims exposure could be significant.***

The combined company will face exposure to product liability claims and recalls for unforeseen reasons from consumers, distributors or others. It may experience material product liability losses in the future and it may incur significant costs to defend these claims. In addition, if any of its products are or are alleged to be defective, the combined company may be required to participate in a recall involving those products. End-users of its products may look to the combined company for contribution when faced with product recalls or product liability claims. Although Schick and Sirona have maintained insurance coverage related to product liability claims, we cannot assure you that product liability insurance coverage will continue to be available or, if available, that it can be obtained in sufficient amounts or at reasonable cost or that it will be sufficient to cover any claims that may arise. The combined company may not maintain any insurance relating to potential recalls of its products. A successful product liability claim brought against it in excess of available insurance coverage or a requirement to participate in any product recall could reduce the combined company's profits and/or impair its financial condition, and damage its reputation.

***Product warranty claims exposure could be significant.***

The combined company will generally warrant each of its products against defects in materials and workmanship for a period of one year from the date of shipment plus any extended warranty period purchased by the customer. The future costs associated with providing product warranties could be material. A successful warranty claim brought against it could reduce the combined company's profits and/or impair its financial condition, and damage its reputation.

***Adverse publicity regarding the safety of the combined company's technology or products could negatively impact the combined company and cause the price of our common stock to fall.***

Despite any favorable safety tests that may be completed with respect to the combined company's products, adverse publicity regarding application of X-ray products or other products being developed or marketed by others could negatively affect the combined company. If other researchers' studies raise or substantiate concerns over the

safety of the combined company's technology approach or product development efforts generally, the combined company's reputation could be harmed, which would adversely impact its business and could cause the price of our common stock to fall.

***Inadequate levels of reimbursement from governmental or other third-party payors for procedures using the products of the combined company may cause its revenue to decline.***

Third-party payors, including government health administration authorities, private health care insurers and other organizations regulate the reimbursement of fees related to certain diagnostic procedures or medical treatments. Third-party payors are increasingly challenging the price and cost-effectiveness of medical products and services. While we cannot predict what effect the policies of government entities and other third-party payors will have on future sales of our products, there can be no assurance that such policies would not cause the revenue of the combined company to decline.

***If the combined company is unable to successfully integrate their employees into the combined company's corporate and employee culture, synergies related to the Exchange could be lost or diminished.***

The combined company will face challenges inherent in merging distinct employee and corporate cultures into an integrated whole. The inability to successfully integrate employee and corporate cultures, or any significant delay in achieving a successful integration, could adversely affect the combined company's ability to retain and attract personnel, and could result in the loss or decrease of efficiency and/or the synergies expected to be achieved as a result of the Exchange. As a result, this could have a material adverse effect on the combined company and the market price of Schick's common stock after the completion of the transactions.

***We will be exposed to risks relating to evaluations of controls required by Section 404 of the Sarbanes-Oxley Act of 2002.***

We are required under Section 404 of the Sarbanes-Oxley Act to provide a report on our internal controls over financial reporting to allow management to report on, and our independent registered public accounting firm to attest to, our internal controls. As a foreign company, Sirona does not currently have to comply with Sarbanes-Oxley. After the Exchange, however, Sirona's financial information will be consolidated with ours and the report on our internal controls is required to include Sirona at the time of the filing of our annual report for fiscal year 2007. While we anticipate being able to fully implement the requirements relating to internal controls and all other aspects of Section 404 by this deadline, we cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, we might be subject to sanctions or investigation by regulatory authorities, such as the SEC or the Nasdaq National Market. Any such action could adversely affect our financial results or investors' confidence in our company and could cause our stock price to fall. In addition, our controls and procedures may not comply with all the relevant rules and regulations of the SEC and the Nasdaq National Market. If we fail to develop and maintain effective controls and procedures, we may be unable to provide financial information in a timely and reliable manner.

#### **Risks Related to Schick's Common Stock**

***The Exchange will result in significant amortization charges, which will negatively affect our net income following the Exchange, and reduce our reported net income per share, which may adversely affect the market price of our common stock.***

The Exchange will result in significant amortization charges, which will negatively affect our reported net income after the Exchange. The Exchange will also be dilutive to our net income per share on a U.S. GAAP basis. Although we believe that the Exchange will have an accretive effect on our estimated cash earnings per share for the calendar year December 31, 2006, the dilution in our U.S. GAAP earnings per share may adversely affect the market price of our common stock following the Exchange.

***The volatility of the price of our common stock before and after the closing of the transactions under the Exchange Agreement may adversely affect stockholders.***

The stock market historically has experienced volatility which has affected the market price of securities of many companies and which may be unrelated to the operating performance of such companies. The market prices for securities of medical technology companies have historically been highly volatile. Future technological innovations or new commercial products, results of clinical testing, changes in regulation, litigation and public concerns as to product safety as well as period-to-period fluctuations in financial performance and fluctuations in securities markets generally could cause the market price of our common stock to fluctuate substantially. We cannot predict how the market will react to the proposed Exchange and how the Exchange may impact the market price of our common stock before or after the closing of the transactions under the Exchange Agreement. From December 20, 2005 through \_\_\_\_\_, 2006, the closing stock price of our common stock has ranged from \$\_\_\_\_ to \$\_\_\_\_ and has been and will continue to be influenced by general market and industry conditions. In addition, the following factors may have a significant effect on the market price of our common stock:

- announcements of technological innovations or new commercial products by us, Sirona or others;
- governmental regulation that affects the medical technology industry in general or us or Sirona in particular;
- developments in patent or other proprietary rights by us or Sirona; and
- announcements related to the sale of our common stock.

Fluctuations in our financial performance from period to period also may have a significant impact on the market price of our common stock. These fluctuations could result from a number of factors, many of which are substantially outside of our control, including:

- the timing of new product introductions by Sirona or its competitors;
- developments in government reimbursement policies;
- changes in product mix;
- our ability to supply products to meet customer demand;
- fluctuations in manufacturing costs; and
- income tax incentives.

***Sirona's sole stockholder will own a significant percentage of shares of our common stock following the closing of the Exchange and, as a result, the trading price for shares of Schick's common stock may be depressed. Sirona's sole stockholder may make decisions that may be adverse to your interests.***

Sirona's sole stockholder, Luxco, will own approximately 66.1% of the shares of our common stock following the Exchange, determined as of December 31, 2005, on a fully diluted basis. As a result, Sirona's sole stockholder will have the ability to exert substantial influence over all matters requiring approval by the stockholders of the combined company, including the election and removal of directors, distribution of dividends, changes to its bylaws and other important decisions, such as future equity issuances. This significant concentration of share ownership in one investor may adversely affect the trading price for the shares of our common stock because investors often perceive such a concentration as a disadvantage. It could also have the effect of delaying, deferring or preventing a change in control, or impeding a merger or consolidation, takeover or other transactions that could otherwise be favorable to you.

***Future sales of shares of our common stock may cause the market price of your shares to decline.***

The sale of a large number of shares of our common stock, including those acquired through the exercise of outstanding warrants and stock options, following the Exchange, or the perception that such sales could occur, could adversely affect the market price of our common stock.

*Schick stockholders who vote against the proposed transactions will not have dissenters or similar rights.*

Neither Delaware law nor Schick's certificate of incorporation provide for any dissenters' or appraisal rights to stockholders who vote against the proposed transactions. The absence of such rights may limit the ability of Schick stockholders to challenge the proposed transactions after they are approved.

**PROPOSAL 1**  
**APPROVAL OF THE EXCHANGE AGREEMENT AND THE ISSUANCE OF SCHICK COMMON**  
**STOCK IN ACCORDANCE WITH THE EXCHANGE AGREEMENT**

**THE EXCHANGE**

**Background of the Exchange**

Since Schick's initial public offering in July 1997, our senior management and Board of Directors have regularly reviewed and considered actual and potential strategic opportunities for our company. Over the past eight years, we have had informal discussions with most of the larger companies, and many of the mid-size companies, in the marketplace concerning possible strategic opportunities. In addition, our management has regularly studied and analyzed the market, its participants and the potential opportunities that may be available to our company.

In April 2003, at the International Dental Show, held in Cologne, Germany, Jost Fischer, the Chief Executive Officer of Sirona, approached Jeffrey Slovin, then President, and now Chief Executive Officer of Schick, and Michael Stone, Executive Vice President of Schick, about the possibility of an acquisition of our company, for cash, by Sirona. We executed a confidentiality agreement with Sirona on April 16, 2003, and informal discussions between the respective companies' senior management commenced.

While these informal discussions were proceeding, in June 2003, we initiated discussions with another company, a major industry participant referred to in this section as company A. These discussions concerned the potential acquisition of our company by company A. Concurrently, a non-disclosure agreement was executed between the two companies. Although we did provide certain due diligence information to company A, discussions with company A did not lead to any transaction proposal.

On July 3, 2003, Mr. Slovin and David Schick, our then Chief Executive Officer, reported to our Board on the outcome of their discussions with company A, and on the status of their discussions with Sirona. Our Board authorized management to continue its discussions with Sirona and to retain an investment banker to serve as our financial advisor in connection with a potential transaction. On July 8, 2003, Sirona provided us with a due diligence request list. On or about July 9, 2003, we signed an engagement agreement with a financial advisor.

At a Board meeting held on July 17, 2003, members of our Board, together with our management, focused on identifying potential parties to a transaction with us, and the advisability of contacting all or some of those parties, whether directly or through an intermediary.

Over the course of the following six months, our senior management, primarily Mr. Slovin and, to a lesser degree, Mr. Stone, held several discussions with senior executives of other companies that management viewed as our most realistic potential transaction partners. Our management contacted at least eight other companies during this timeframe; however, none expressed any interest in an acquisition transaction with our company.

On July 22 and 23, 2003, we, and Sirona and our respective legal and financial advisers held a series of meetings at the New York offices of Permira Funds, then owner of Sirona, at which a term sheet for a possible cash purchase of our company by Sirona was discussed. On July 25, 2003, we signed a new confidentiality agreement with Sirona revised to include an agreement by Sirona not to purchase securities of Schick without Schick's prior consent (a standstill provision).

On July 29, 2003, our senior management reported to our Board on the progress of the discussions with Sirona and a proposed outline of transaction terms was distributed to the members of our Board. Our Board authorized the continuation of the discussions and also directed management to explore other alternatives to the potential Sirona transaction. Our Board was concurrently informed of recent discussions between our senior management and another company, a major industry participant referred to in this section as company B. These discussions concerned company B's potential acquisition of our company.

On or about August 7, 2003, we signed a confidentiality agreement with company B and we proceeded to provide certain information to company B. Discussions, including numerous telephone conversations and at least

three face-to-face meetings, were held between our senior executives and senior executives of company B over the course of a three-week period. However, this did not lead to any transaction proposal. The primary reason for this outcome was that the acquisition being contemplated was not consistent with company B's business model at that time.

On August 28, 2003, we responded to Sirona's due diligence request list, and on September 9, 2003, Sirona sent us an additional due diligence request list. Legal and financial due diligence continued through January 6, 2004.

On September 8, 2003 and January 15, 2004, we signed amendments to our financial advisory agreement dated July 9, 2003.

On November 10, 2003, Sirona announced that it had been sold to EQT Northern European Private Equity Funds and Sirona's management. At about the same time, Sirona provided us with a draft merger agreement. On November 13, 2003, our General Counsel sent a letter to Simone Blank, Sirona's Chief Financial Officer, commenting on the terms of the draft merger agreement. On November 18 and 19, 2003, all-hands meetings were held at the New York offices of Sirona's counsel to discuss the draft merger agreement and related documents. On December 17, 2003, EQT sent Messrs. Schick and Slovin a written transaction proposal. On December 19, 2003, our senior management informed the Board of the status of the negotiations. There were substantial pricing and other issues outstanding between the parties, and the Board instructed management to attempt to resolve them. Our Board again discussed and considered strategic alternatives to the proposed transaction.

On January 15, 2004, and again on January 19, 2004, our Board met to receive further management updates and a financial and strategic analysis prepared and presented by representatives of an investment bank. Our Board determined that further discussions with Sirona did not appear likely to be fruitful because terms, including pricing, could not be agreed upon.

On January 21, 2004, our General Counsel sent a letter to the investment bank formally notifying it that our Board of Directors had decided not to proceed with the transaction.

In early April 2004, Mr. Fischer again met with Mr. Slovin to reopen discussions between the two companies concerning a possible strategic transaction. Specifically, the possibility of a stock-for-stock merger, at a significantly increased valuation of our company, was discussed. Shortly thereafter, several additional conversations were held between representatives of both companies to further flesh out the parameters of a potential transaction; among other items, the parties focused on valuation and pricing issues.

On April 19, 2004, our Board met and authorized management to have discussions with Sirona regarding a possible transaction and to commence a due diligence review of Sirona. At that meeting, a presentation was made by Schick's previously-retained financial advisor. On May 7, 2004 our Board met again and another presentation was made by our financial advisor. Our Board then directed its management to continue discussions with Sirona and to proceed with the due diligence review process. On or about May 12, 2004, EQT indicated informally that EQT and Sirona were essentially willing to effect a stock-for-stock merger that would leave the Schick stockholders with approximately 23% of the combined company, along with a \$1.35 per share dividend. Shortly thereafter, our management provided this information to the members of our Board.

While our Board was reviewing the new proposal and evaluating it, on or about May 25, 2004, Mr. Fischer notified Mr. Slovin that EQT management had decided for a variety of reasons that they did not wish to go forward with the contemplated transaction, and the formal discussions accordingly terminated.

Informal contacts between Messrs. Slovin and Fischer continued on a periodic basis over the course of the following year, until April 2005.

During April 2005, Messrs. Fischer and Slovin held several meetings at an industry event and at a major trade show in Germany to recommence a formal discussion of a potential business combination between the two

companies. The issues discussed by Messrs. Fischer and Slovin included valuation and pricing, structure and strategic planning.

Over the course of the next month, several telephone conversations were held between senior executives of both companies, including Messrs. Slovin, Fischer and Stone and Ms. Blank.

On May 2, 2005, Sirona announced its acquisition by investors led by Madison Dearborn Partners and Sirona management.

In mid-May 2005, Messrs. Fischer and Slovin met at JFK Airport in New York City to discuss Madison Dearborn Partners' acquisition of Sirona and its potential impact on a possible transaction with our company.

On June 8, 2005, we entered into a Non-Disclosure and Confidentiality Agreement with Madison Dearborn Partners, Beecken Petty O'Keefe & Company and Sirona in order to share non-public information and engage in non-public discussions.

On June 8, 2005, Mr. Slovin, Timothy Sullivan and Timothy Sheehan of Madison Dearborn Partners, David Beecken of Beecken Petty, and a representative of UBS Investment Bank, met in New York to discuss the proposed combination.

On June 9, 2005, Messrs. Slovin, Michael Stone and Stan Mandelkern met with Messrs. Sullivan, Sheehan and Beecken at our headquarters to discuss the potential integration of our company and Sirona, including their respective research and development efforts, operational systems, and sales and marketing structures.

On June 28 and 29, 2005, Mr. Slovin and Mr. Fischer met in Frankfurt to further discuss the potential combination of our company and Sirona, including the terms of the contemplated transaction, as well as issues relating to the integration of the two companies.

In the meantime, we had become aware of the availability for purchase of another industry participant, referred to in this section as company C. On May 25, 2005, we entered into a confidentiality agreement with company C that would allow us to review, in connection with our consideration of such transaction, certain confidential and proprietary information concerning company C's business and properties. On or about June 28, 2005, we commenced a due diligence review of company C in accordance with auction procedures established by company C's investment bankers.

On July 4, 2005, Mr. Slovin had a discussion, by telephone, with Mr. Sullivan, concerning the structure of the proposed combined company and the process for moving forward with a potential transaction.

On July 11, 2005, we sent Sirona a preliminary due diligence request list and on July 14, 2005, Kirkland & Ellis LLP, Sirona's outside counsel, sent us a due diligence request list. Due diligence continued through early September 2005.

On July 12, 2005, Mr. Slovin met with Mr. Fischer and Ms. Blank at the offices of Sirona's counsel in New York for further discussions relating to the contemplated transaction between our company and Sirona, including the timetable, remaining items to be negotiated, and legal and administrative issues. Messrs. Stone and Zvi Raskin, our General Counsel, also attended the meeting.

On July 13, 2005, our counsel and Sirona's counsel held a conference call to discuss the structure of a possible exchange of our shares for ownership of Sirona. At that time, we and Sirona recommenced our respective due diligence reviews. Additional meetings were held on that date, at the offices of Sirona's counsel in New York, between Mr. Fischer, Ms. Blank, Mr. Stone and Stan Mandelkern, for further discussions relating to the contemplated transaction between Schick and Sirona.

On July 15 and 16, 2005, Mr. Slovin visited Sirona's U.S. headquarters in Charlotte, North Carolina and met with Sirona's U.S. management.



On July 20 and 21, 2005, Messrs. Slovin and Stone held due diligence meetings with members of Sirona's management team in Bensheim, Germany, including a walk-through examination of Sirona's manufacturing, research and development and executive facilities, and a review of critical documents.

On July 22, 2005, a telephonic meeting was held among our Chief Executive Officer, its General Counsel and representatives of Dorsey & Whitney LLP, its outside counsel. At that meeting, various issues were discussed regarding the potential transactions with Sirona and with company C, respectively.

On July 23, 2005, our counsel sent an acquisition agreement mark-up to company C's advisers.

On July 27, 2005, Mr. Slovin, William Hood, Schick's Chairman of the Board, Arthur Kowaloff, one of our directors, Curt Rocca, one of our directors, and Mr. Raskin met with Messrs. Fischer and Sullivan at the offices of UBS in New York to attend a presentation by Sirona management regarding their company and to ask questions regarding Sirona.

On July 28, 2005, our Board held a special meeting attended by Mr. Raskin, a representative of Dorsey & Whitney LLP, Schick's outside counsel, and representatives of UBS. At this meeting:

Mr. Slovin updated our Board on the status of the evaluation of the proposed combination, including our diligence review, and the ongoing valuation discussions with Sirona.

Representatives of UBS made an oral presentation to our Board summarizing the terms of the proposed combination as well as certain preliminary financial metrics regarding Sirona and the implied value of the transaction, based on certain assumptions regarding the parties' relative valuations of the two companies.

A representative of Dorsey & Whitney discussed the fiduciary duties of our directors in connection with a potential combination with Sirona.

The Board again reviewed the potential strategic benefits and risks of the potential combination and our alternatives. Our Board considered, among other things, the diversification of the product pipeline, the technology synergies, and the combined company's ability to access capital markets as strategic benefits of the potential transaction.

Following a discussion, our Board authorized management to continue its evaluation of the proposed combination and the negotiations of the terms of the proposed transaction, and instructed management to seek to maximize the value of the potential transaction to our stockholders, to include an appropriate fiduciary out provision in the exchange agreement between the parties, and to obtain suitable post-closing protections for our stockholders.

At that same meeting, the Board also received a report on the progress of the company C due diligence review, the documentation of a possible leveraged purchase of company C and the indicated bidding range. The Board concluded that there was little likelihood that company C could be acquired at a price point that would be consistent with Schick's evaluation of company C.

On August 1, 2005, we executed an engagement agreement with UBS. On August 3, 2005, we received a draft exchange agreement from Sirona. From that point, through the eventual execution of the Exchange Agreement, our management was in regular, often daily, contact with UBS investment banking personnel.

On August 11, 2005, Mr. Slovin met with Mr. Fischer at JFK Airport for further discussions relating to the potential combination our company and Sirona, including the terms of the contemplated transaction as well as issues relating to the makeup of the combined entity's board of directors.

On August 12, 2005, Mr. Slovin met with members of Sirona's senior management in Bensheim, Germany to discuss the integration of the two companies and the makeup of the combined entity's senior management and officers, and their respective duties and responsibilities.

On August 25 and 26, 2005, Mr. Slovin, Mr. Raskin and Stacey Karp, our director of strategic initiatives, met with Mr. Fischer at our headquarters to discuss issues relating to the potential integration of the two companies.

On August 26, 2005, at our offices in New York, Messrs. Slovin, Stone and Mandelkern met with Messrs. Fischer and Harry M. Jansen Kraemer, Jr., a member of Sirona's Advisory Board, to discuss issues relating to the potential combination, including the respective companies' personnel, products, and sales strategies. On that same date, Mr. Fischer met individually with several of our executives, including Mr. Raskin and Ms. Karp.

On September 12 and 13, 2005, Mr. Slovin, Mr. Raskin, Ms. Blank, representatives of Kirkland & Ellis, representatives from Dorsey & Whitney and representatives of UBS held negotiating sessions at the offices of Dorsey & Whitney in New York, New York concerning the Exchange Agreement. Negotiation of the Exchange Agreement and the related ancillary agreements continued until September 23, 2005.

On September 13, 2005, our Board held a special meeting attended by all the members of the Board and representatives of Dorsey & Whitney and UBS. At the meeting, our Board was presented with a draft of the Exchange Agreement, the Voting Agreement and the Registration Agreement. Representatives of UBS presented an updated preliminary financial analysis pertaining to certain aspects of the transaction. Our Board also reviewed the proposed Board resolutions that were circulated in advance of the meeting. Our Board discussed certain terms and aspects of the transaction and instructed our management to continue negotiations with Sirona.

Representatives of our company, including Mr. Slovin and Mr. Raskin, representatives of Sirona, including Mr. Fischer and Ms. Blank, continued negotiations of the terms of the Exchange Agreement and various aspects of the contemplated transactions during the following week with assistance from representatives of Dorsey & Whitney, Kirkland & Ellis and UBS. On September 22, 2005, our Board met at the offices of UBS in New York. In attendance, in person or via telephone, were all of the members of our Board, Messrs. Stone and Raskin, and a representative of Dorsey & Whitney. Mr. Slovin provided an update on the negotiations and discussed with the other directors the remaining open points. Management of our company and Sirona agreed on the final terms of the transaction on September 23, 2005.

On September 25, 2005, our Board held a telephonic special meeting attended by all the members of the Board, representatives of Dorsey & Whitney and UBS. At the meeting, our Board was updated on developments since the Board meeting on September 22, 2005. Our Board was presented with final drafts of the Exchange Agreement, the Voting Agreement and the Registration Agreement. Representatives of UBS presented a financial analysis pertaining to certain aspects of the transaction and delivered their oral opinion (later confirmed by delivery of their written opinion) to our Board. Our Board also reviewed the proposed Board resolutions that were circulated in advance of the meeting.

Following a discussion of all these matters, our Board unanimously approved and determined advisable the transactions contemplated by the Exchange Agreement and the issuance of shares of our common stock pursuant to the transactions contemplated by the Exchange Agreement and related agreements.

On September 25, 2005, the parties executed the Exchange Agreement. The parties to the various Voting Agreements related to the Exchange also executed those agreements on the same day.

On September 26, 2005, we issued a joint press release with Sirona announcing the execution of the Exchange Agreement and held a conference call to discuss the transaction.

#### **Schick's Reasons for the Exchange**

Our Board believes that the combination with Sirona will provide substantial benefits to the stockholders of Schick. The combination will create a company with a strong global presence and a broad range of products based

on complementary technologies, geographic coverage and channel strengths. The combined company will have a broader product offering by merging Schick's North American leadership in intra-oral digital radiography with Sirona's four product segments: Dental CAD/CAM systems, Imaging Systems, Treatment Units and Instruments. Our Board believes that the combination will enhance our competitive position by diversifying our product offerings, strengthening our research and development capabilities and expanding our distribution platform. At its meeting on September 25, 2005, our Board unanimously adopted the Exchange Agreement and resolved to recommend that the Schick stockholders vote For the approval of the Exchange Agreement and related proposals.

In making its determination to approve the Exchange Agreement, our Board consulted with our officers regarding the strategic and operational aspects of the combination and the results of our diligence review of Sirona. In addition, our Board consulted with representatives of UBS regarding financial matters and with representatives of Dorsey & Whitney LLP regarding legal matters (other than issues of German law, on which advice was provided by the Frankfurt, Germany office of the Ashurst lawfirm). In the course of reaching its determination, our Board considered a variety of factors, including the following:

*Strategic Benefits of the Combination.* Our Board considered the strategic benefits of the proposed combination, including the following benefits:

*Greater Presence and Product Diversification.* The combined company will have a significantly stronger global presence, with experienced management and approximately 1,800 employees on five continents, a larger breadth of products and greater diversification of development risk than Schick has on a standalone basis.

*Enhanced Research and Development Capabilities.* Our Board believes that the transaction will combine two technology platforms which together will drive the successful development of new dental products. Our Board believes that Sirona is an industry leader in R&D, having pioneered chairside dental CAD/CAM technology.

*Entrance into Dental CAD/CAM Market.* The transaction will allow Schick stockholders to participate in the CAD/CAM-produced ceramic restoration market. Sirona is currently the sole manufacturer of chairside dental CAD/CAM systems.

*Strategic Fit of Sirona's Imaging Systems.* Sirona's imaging systems, which include panoramic and intra-oral, digital and traditional x-ray systems, are a strong complement to Schick's imaging products.

*Leverage Sirona's Distribution Capabilities.* Our Board believes that the combination will afford Schick an opportunity to take advantage of worldwide cross-selling opportunities. Sirona has a well-developed global distribution network and we believe that we can effectively leverage that distribution capability.

*Operating Synergies.* We expect that the combined company will realize between \$5 million and \$7 million in annual synergies, commencing within 12 to 24 months of the closing, which we project will be accretive to our calendar 2006 cash earnings per share.

*Increased Cash Flow Generation of the Combined Company.* Our Board believes that the increased cash flow generation of the combined company should improve our ability to invest in the marketing and selling of our products.

*Increased Access to Capital Markets.* Our Board believes that the larger size and more diverse nature of the combined company will enhance the combined company's ability to access capital markets and to fund the ongoing advancement of its products.

*Attractive Financial Terms.* Our Board believes that the exchange ratio, which gives Luxco approximately 66.8% of the combined company, values Schick at an attractive level considering the

pre-announcement market value of the Schick common stock to be issued in the Exchange, and the value of Sirona on a standalone basis. In reaching this conclusion, our Board considered various factors and analyses with respect to the financial terms of the proposed transaction, including the following:

information concerning the financial condition, business and prospects of Schick and Sirona, as well as conditions in the dental industry generally;

information concerning the recent and historical stock price performance of Schick common stock and the trading volume and volatility of Schick common stock and the impact of these fundamentals on our ability to attract institutional investors and access capital markets;

the fixed nature of the exchange ratio for the Exchange so that any increase or decrease in the market value of Schick common stock following the date of announcement through the closing will not increase or decrease the percentage of the combined company owned by the Schick stockholders; and

the \$2.50 per share dividend to our stockholders in connection with the Exchange.

*Consolidation in the Dental Products Industry.* Our Board believes that as a small company in an industry that is undergoing rapid consolidation, Schick should participate in this trend in a way that will benefit our stockholders now and over the long term.

*Strong and Experienced Management and Employees of Sirona.* Our Board believes that the management of Sirona has significant experience in the dental industry. Sirona's management and approximately 1700 employees have exhibited consistent financial performance, and the Board believes that the Sirona management and employees are a good fit with our management and employees.

*Opinion of Financial Advisor.* Our Board reviewed the financial presentations prepared by UBS and the UBS opinion (including the qualifications, limitations, assumptions and methodologies underlying the analyses in connection therewith) that as of September 25, 2005, the Schick common stock to be issued by Schick to Luxco pursuant to the Exchange Agreement, was fair, from a financial point of view, to Schick's stockholders. Please see the section entitled "The Exchange" "Opinion of Schick's Financial Advisor" for further information. UBS provided its opinion solely for the information and assistance of our Board in connection with its consideration of the Exchange. UBS' opinion is not a recommendation as to how any holder of our common stock or any other person should vote or act with respect to the Exchange or any related transactions.

*Terms of the Exchange Agreement.* Our Board, with the assistance of outside counsel, considered the terms and conditions of the Exchange, including:

the possible effect of the Exchange Agreement on the potential for a third party to make a proposal to acquire Schick, including the right of our Board to provide information in response to an unsolicited superior proposal and to withdraw its recommendation of the Exchange following the receipt of a superior proposal;

the fact that the stockholders of Schick can vote against the Exchange and other proposals and that no termination fee (other than the payment of Sirona's expenses not to exceed \$1.5 million) is payable if the Exchange Agreement is terminated due to a negative vote by the stockholders of Schick, unless a superior proposal to acquire Schick was announced prior to the special meeting and Schick enters into an agreement for that proposed third party acquisition of Schick within twelve months following the termination;

the conditions to the closing of the Exchange;

the terms of the tag-along rights for certain sales of the combined company's common stock following the closing of the Exchange;

restrictions on the conduct of business by Schick and Sirona between the signing of the Exchange Agreement and the closing of the Exchange; and

the requirement that the combined company's board must include at least three directors who are independent of Luxco, for so long as either Luxco or the Luxco group together own at least 50% of the combined company's outstanding stock.

*Board of Directors and Employee Matters.* Our Board considered the terms of the Exchange Agreement with respect to the composition of the Board of the combined company, the designation of executive officers of the combined company and the arrangements with respect to the Board, executives and employees intended to integrate the combined company and preserve our value prior to and following the combination, including:

three of the current members of our Board will be among the initial ten members of the combined company's board of directors;

our current President and Chief Executive Officer, Jeffrey T. Slovin, will enter into a new employment agreement, which will be effective as of the closing of the Exchange, and is expected to remain with the combined company until at least June 15, 2007; and

our existing employees are expected to remain employees of Schick (which will be renamed Sirona Dental Systems, Inc.). In its review of the proposed combination, our Board identified and considered a variety of potentially negative factors, including:

the fact that Luxco will own approximately 66.1% of our outstanding common stock upon completion of the Exchange, determined on a fully diluted basis (66.8% determined on a diluted basis in accordance with the treasury method), and will therefore have control over all matters requiring stockholder approval;

the requirement that we pay a termination fee of \$13.5 million if the Exchange Agreement is terminated because we decide to accept a superior proposal;

the risks described under the section entitled "Risk Factors - Risks Related to the Exchange";

the possibility that Schick's stock price could decline following the announcement of the proposed combination, and the impact that a falling stock price could have on our stockholders' support for the Exchange;

the risk that sales of substantial amounts of the combined company's common stock in the public market after the closing of the proposed combination could materially adversely affect the market price of such common stock;

the risk that the proposed combination could not be completed as expected because there could be no assurance that the stockholders of Schick would approve the transaction or that other conditions to the parties' obligations to close the combination would be satisfied even if the stockholders approved the transaction;

the possibility of disruption in our operations or those of Sirona and a loss of key employees of either company because of the proposed combination; and

the possibility that the benefits anticipated in connection with the proposed combination might not be realized by the combined company.

In addition, our Board also was aware of the interests that certain of our executive officers and directors may have with respect to the proposed combination in addition to their interests as stockholders generally. Please see the section entitled "The Exchange Interests of Directors, Officers and Affiliates" under Proposal 1 for further details.

In analyzing the proposed combination, our Board did not view any of the factors listed above as determinative or find it practical to quantify or otherwise attempt to assign any rank or assign relative weights to any of the foregoing factors. Our Board conducted an overall analysis of the factors described above, and overall considered the factors to be favorable and to support its determination. The individual members of our Board may have given different weight to different factors in considering the factors.

Our Board unanimously recommends that our stockholders vote FOR approval of the Exchange Agreement and the related transactions.

#### **Opinion of Schick's Financial Advisor**

Under the terms of an engagement letter dated June 1, 2005, we retained UBS to provide financial advisory services to us and a financial fairness opinion to our Board of Directors. At the meeting of our Board of Directors held on September 25, 2005, UBS delivered its oral opinion to the effect that, as of the date of the opinion and based on and subject to various assumptions made, procedures followed, matters considered, and limitations described in the opinion, the aggregate exchange consideration to be issued by us to Luxco in the transaction is fair from a financial point of view to the holders of our common stock. The opinion was confirmed by delivery of a written opinion dated September 25, 2005.

The following summary of the UBS opinion is qualified in its entirety by reference to the full text of the opinion attached as Annex B to this proxy statement. The full text of the opinion sets forth the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by UBS, and is incorporated in this document by reference. You are urged to read carefully the UBS opinion in its entirety.

UBS' opinion:

was provided for the benefit of our Board of Directors in connection with, and for the purposes of, its consideration of the transaction;

addresses only the fairness from a financial point of view to the holders of our common stock of the aggregate exchange consideration to be issued by us to Luxco in the transaction and does not address any other aspect of the transaction;

does not address our underlying business decision to effect the transaction;

does not constitute a recommendation to any stockholder about how to vote with respect to the transaction or any matter related to the transaction;

was necessarily based upon economic, monetary, market and other conditions as in effect on, and the information made available to UBS as of, the date of the opinion; and

does not address the relative merits of the transaction as compared to other business strategies or transactions that might be available with respect to us or our underlying business decision to effect the transaction.

In arriving at its opinion, UBS, among other things:

reviewed selected publicly available business and historical financial information relating to us and Sirona;

reviewed selected internal financial information and other data relating to our business and financial prospects, including estimates and financial forecasts prepared by our management, which were provided to UBS by us on a confidential basis, and not publicly available;

reviewed selected internal financial information and other data relating to the business and financial prospects of Sirona, including estimates and financial forecasts prepared by the management of Sirona, and not publicly available;

reviewed estimates and financial forecasts with respect to Sirona prepared by our management and not publicly available;

participated in discussions with members of our senior management concerning the businesses and financial prospects of Schick and Sirona;

participated in discussions with members of the senior management of Sirona concerning the business and financial prospects of Sirona;

reviewed current and historical market prices for shares of our common stock;

reviewed publicly available financial and stock market data with respect to selected other companies which UBS believed to be generally relevant;

compared the financial terms of the Exchange with the publicly available financial terms of selected other transactions which UBS believed to be generally relevant;

reviewed drafts of the Exchange Agreement;

considered certain pro forma effects of the Exchange on our financial statements;

reviewed certain estimates of synergies prepared by our management and Sirona's management; and

conducted such other financial studies, analyses and investigations and considered such other information as UBS deemed necessary or appropriate for the purposes of the opinion.

In connection with its review, UBS:

assumed, with the consent of our Board of Directors, that the final executed form of the Exchange Agreement did not differ in any material respect relevant to its opinion from the drafts that UBS examined, and that we, Luxco and Sirona will comply with all material terms of the Exchange Agreement;

did not assume, with the consent of our Board of Directors, any responsibility for independent verification of any of the information reviewed by UBS for the purpose of the opinion and relied on such information as being complete and accurate in all material respects;

did not make, at the direction of our Board of Directors, any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of Schick or Sirona, nor was UBS furnished with any such evaluation or appraisal;

assumed, at the direction of our Board of Directors, that the financial forecasts, estimates, pro forma results and calculations of synergies referred to above had been reasonably prepared on a basis

reflecting the best currently available estimates and judgments of the management of each of Schick and Sirona as to the future performance of Schick and Sirona;

assumed, with approval of our Board of Directors, that the future financial results referred to above, including the estimated synergies, will be achieved at the times and in the amounts projected by the management of each of Schick and Sirona, respectively;

assumed, at the direction of our Board of Directors, for the purposes of the UBS analysis and opinion that German GAAP does not vary in any material respect from U.S. GAAP; and

assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transaction will be obtained without any material adverse effect on us and/or Sirona and the transaction.

UBS was not asked to, and did not, at the direction of our Board of Directors, offer any opinion as to the material terms of the Exchange Agreement or the form of the transactions contemplated by the Exchange Agreement, and expressed no opinion as to the price at which our common shares will trade at any time.

UBS was not requested to and did not solicit any interest from any third party with respect to a sale of all or part of us or a business combination involving us.

The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not susceptible to partial analysis or summary descriptions. In arriving at its opinion, UBS made qualitative judgments as to the significance and relevance of each analysis and factor considered by it. Accordingly, UBS believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, could create an incomplete view of the processes underlying the analyses set forth in its opinion.

In performing its analyses, UBS made numerous assumptions with respect to industry performance, general business, financial, market and economic conditions and other matters, many of which are beyond the control of Schick and Sirona. No company, transaction or business used in those analyses as a comparison is identical to us or Sirona or their respective businesses or the transaction, nor is an evaluation of the results entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the operating results, public trading or other values of the companies or transactions being analyzed.

The estimates contained in the analyses performed by UBS and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than suggested by these analyses. In addition, analyses relating to the value of securities do not purport to be appraisals or to reflect the prices at which a business might actually be sold or the prices at which any securities may trade at the present time or at any time in the future. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Schick, UBS or any other person assumes responsibility if future results are materially different from those forecasted.

The following is a summary of the material financial analyses used by UBS in connection with the rendering of its opinion. The following summary, however, does not purport to be a complete description of the financial analyses performed by UBS described below. The financial analyses summarized below include information presented in tabular format. In order to understand the financial analyses fully, the tables must be read together with the text of each summary. Considering the data set forth below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses. The order of analyses described below does not represent relative importance or weight given to those analyses by UBS. Except as otherwise noted, the following



quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before September 23, 2005 and is not necessarily indicative of current market conditions.

*Historical Stock Performance*

UBS reviewed historical trading prices of our common stock. This share price performance review indicated that for the three years ended September 23, 2005, the low and high closing prices for our common stock were \$1.78 and \$26.50, respectively. Over the last 12 months ended September 23, 2005, the low and high closing prices for our common stock were \$9.50 and \$26.50, respectively.

UBS compared the historical trading prices of our common stock to three different stock indices including the NASDAQ index, selected dental health companies index and a dental index. Over a three-year period and a one-year period ending September 23, 2005, our stock price has increased by 1,187% and 132%, respectively. This compared to increases of 79% and 12% in the NASDAQ index, 118% and 25% in the selected dental health companies index and 56% and 11% increases in the dental index over the same time periods, respectively.

*Selected Comparable Public Company Analysis*

UBS compared selected financial information, ratios and public market multiples for us and implied multiples for Sirona to the corresponding data for the following three publicly-traded dental health companies:

DENTSPLY International;

Sybron Dental Specialties; and

Young Innovations.

UBS chose the selected companies because they were publicly-traded companies that, for purposes of the analysis, UBS considered reasonably similar to us and Sirona in that these companies operate in the dental health industry. The selected public companies may significantly differ from us and Sirona based on, among other things, the size of the companies, the geographic coverage of the companies operations and the particular business segments in which the companies focus.

UBS reviewed, among other information, the comparable companies' multiples of total enterprise value, referred to as TEV, which consists of the market value of the particular company's equity plus the particular company's total debt, minority interests and preferred equity, minus cash, cash equivalents, marketable securities and investments in affiliates to:

the comparable companies' projected revenue, based on I/B/E/S International Inc., referred to as IBES, for the calendar years ending December 31, 2005 and 2006; and

the comparable companies' projected earnings before interest, taxes, depreciation and amortization, referred to as EBITDA, based on IBES, for the calendar years ending December 31, 2005 and 2006.

UBS also reviewed, among other information, the comparable companies' price/earnings multiples, referred to as P/E, based on IBES, consensus earnings estimates for the calendar years ending December 31, 2005 and 2006.

The comparable companies analysis resulted in the following ranges of multiples as of September 23, 2005:

Multiple Analysis	Implied Multiples of Comparable Companies:		Implied Multiples of Schick (\$25.10/share):		
	Mean	Median	Based on Schick's Management Projections	Based on Brokerage Analysts Projections	Sirona Implied Multiples(1)
TEV / 2005E Revenue	3.2x	2.9x	6.2x	6.2x	3.0x
TEV / 2006E Revenue	3.0x	2.7x	4.8x	4.7x	2.7x
TEV / 2005E EBITDA	12.7x	12.7x	16.4x	17.0x	12.6x
TEV / 2006E EBITDA	11.6x	11.6x	12.8x	13.0x	10.5x
2005E P/E	21.1x	20.9x	29.3x	29.8x	23.0x
2006E P/E	19.2x	18.9x	23.1x	23.3x	17.1x

(1) Revenue was analyzed on a constant currency basis and EBITDA was analyzed excluding the effects of non-operating adjustments.

UBS noted that none of the selected companies is either identical or directly comparable to us or Sirona and that any analysis of selected companies necessarily involves complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading of the selected companies.

*Selected Comparable Transaction Analysis*

UBS reviewed publicly available financial information relating to the following selected transactions in the dental health industry since December 2002:

Announced	Effective	Acquiror	Target
05/02/05	06/30/05	Madison Dearborn Partners	Sirona Dental Systems
03/29/04	05/28/04	Danaher Corp	KaVo Dental GmbH & Co KG
12/11/03	02/27/04	Danaher Corp	Gendex division of DENTSPLY International, Inc
11/10/03	02/28/04	EQT Northern Europe	Sirona Dental Systems
07/21/03	10/07/03	Eastman Kodak Co	PracticeWorks Inc
12/19/02	12/23/02	PracticeWorks Inc	Trophy Radiologie SA

UBS chose the selected transactions because they were business combinations that, for the purposes of the analysis, UBS considered to be reasonably similar to the Exchange in that these transactions involved companies in the dental health industry. The selected transactions may differ significantly from the Exchange based on, among other things, the size of the transactions, the structure of the transactions and the dates that the transactions were announced and consummated.

UBS reviewed, among other things, the TEVs implied in the relevant transactions as a multiple of the estimated last twelve months, referred to as LTM, revenue and EBITDA.

The analysis indicated the following implied multiples for the selected transactions:

Multiple Analysis	Implied Multiples of Comparable Transactions:			
	Low	Mean	Median	High
TEV / LTM Revenue	0.9x	1.6x	1.3x	2.9x
TEV / LTM EBITDA	5.7x	9.3x	8.5x	15.6x

UBS compared the above implied precedent transaction multiples to illustrative pro forma implied Schick multiples. The illustrative pro forma implied multiples of Schick were calculated based on (1) valuation multiple ranges of TEV / EBITDA and P/E within the comparable company analysis being applied to the consolidated pro forma Schick and Sirona EBITDA and net income including synergies and (2) the proposed terms of the transaction. This analysis resulted in illustrative pro forma implied Schick multiples ranging from 6.7x to 9.2x TEV / LTM revenue and 17.5x to 23.7x TEV / EBITDA.

UBS noted that none of the selected transactions is either identical or directly comparable to us or Sirona and that any analysis of selected transactions necessarily involves complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading of the selected companies.

*Contribution Analysis*

UBS analyzed the relative contributions of Schick and Sirona to the combined company's pre tax income, net income, revenue and earnings before income, taxes, depreciation and amortization, commonly referred to as EBITDA, for the last twelve months, referred to as LTM, based on our Forms 10-K and 10-Q and estimates of the management of Schick and Sirona, and for the calendar years ending December 31, 2005 and December 31, 2006 based on estimates of the managements of Schick and Sirona. UBS then compared the percentage contributions of Schick and Sirona to pretax income, net income, revenue and EBITDA to the percentage equity ownership of our stockholders in the combined company, and the percentage that we will constitute of the combined company's enterprise value, immediately upon completion of the Exchange. Revenue was analyzed on a constant currency basis and EBITDA was analyzed excluding the effect of non-operating adjustments and foreign currency charges related to the bank debt. This analysis indicated the following implied percentage contribution of Schick to the combined company's pre tax income and net income as compared to the percentage of equity value of the combined company apportioned to our stockholders, and the percentage contributions of Schick to the combined company's revenue and EBITDA as compared to the percentage of enterprise value of the combined company apportioned to our stockholders, immediately upon completion of the Exchange based on the number of shares to be issued by us to Luxco and the closing price of our common stock on September 23, 2005:

	<b>Schick Percentage Contribution:</b>			<b>Implied Schick Percentage in the Transaction:</b>
	<b>LTM</b>	<b>2005E</b>	<b>2006E</b>	<b>Equity Value of Combined Company</b>
<b>Contribution to Equity Value Based on:</b>				
Pre Tax Income	33.4%	30.5%	29.6%	33.0%
Net Income	32.7%	29.8%	28.6%	33.0%
<b>Enterprise Value of Combined Company</b>				
<b>Contribution to Enterprise Value Based on:</b>				
Revenue	11.3%	12.6%	14.4%	22.9%
EBITDA	18.4%	18.6%	19.6%	22.9%

*Pro Forma Merger Analysis*

UBS analyzed the potential pro forma financial effects of the transaction on our estimated cash earnings per share that excludes non-cash transaction and other non-recurring charges, referred to as cash EPS, for estimated fiscal year 2006. UBS calculated the accretive or dilutive effect on our stockholders that is, the addition or reduction to estimated cash EPS of Schick on a stand-alone basis. With synergies, this analysis indicated that the Exchange has an accretive effect on our estimated cash EPS for the calendar year ended December 31, 2006. The actual results achieved by the combined company may vary from projected results and the variations may be material.

### Fee Arrangement

Pursuant to a letter agreement dated as of June 1, 2005, we engaged UBS to act as our financial advisor in connection with the contemplated transaction. Pursuant to the terms of this engagement letter, we agreed to pay UBS an aggregate fee of approximately \$6.4 million, a portion of which became payable upon delivery of UBS' opinion and the remainder of which is contingent upon the consummation of the transaction. We have also agreed to reimburse UBS for its reasonable expenses, including attorneys' fees and disbursements, and to indemnify UBS and related persons against various liabilities. On November 1, 2005, the terms of the UBS engagement letter were amended such that no fee would be payable to UBS in the event the transaction is not consummated. Pursuant to the amendment to the engagement letter, if the transaction is not consummated, the term of the engagement letter will be extended by a period of seven months.

We selected UBS based on its experience, expertise and reputation. UBS is an internationally recognized investment banking firm that regularly engages in the valuation of securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. In the past, UBS has provided investment banking services to us and Sirona unrelated to the transaction, for which UBS received customary compensation. UBS acted as sole financial advisor to Sirona and EQT Northern Europe, Sirona's previous equity owner, on the sale of Sirona to Madison Dearborn Partners which was consummated on June 30, 2005. In the ordinary course of business, UBS, its successors and affiliates may trade or have traded securities of Schick for their own accounts or for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

### Interests of Directors, Officers and Affiliates

In considering the recommendation of the Board to vote in favor of the issuance of our common stock in connection with the Exchange and related transactions, stockholders should be aware that some of our executive officers and directors may have interests in the transaction that may be different from, or in addition to, their interests as stockholders. The Board was aware of these interests and considered them, among other things, in making its recommendations. These interests include the following:

*Options.* Upon the execution of the Exchange Agreement and related documents on September 25, 2005, the vesting of 15,000 options held by each of our directors William K. Hood, Arthur D. Kowaloff and Curt Rocca were accelerated according to their terms. Those options would otherwise have vested on June 9, 2006, November 4, 2005 and February 3, 2006, respectively.

Michael Stone, our Executive Vice President, was granted 75,000 options on September 25, 2005, subject to the approval of the amendment to the 1996 Stock Option Plan as described in Proposal 3, and the vesting of such options will not commence until the closing of the Exchange. In addition, the vesting of an additional 84,377 options held by Mr. Stone will accelerate and such options will be fully vested at the closing of the Exchange according to their terms. Mr. Stone may also receive a one-time bonus of \$497,590 that would be paid at or about the same time as the payment of the \$2.50 per share dividend discussed elsewhere in this proxy statement. We anticipate that we will enter into a new employment agreement with Mr. Stone pursuant to which he would agree that 199,036 shares of Schick common stock that he may acquire upon the exercise of outstanding stock options, including the 75,000 options provisionally granted as described above, may not be sold by him unless our Board approves the sale (with such approval not to be unreasonably withheld). This restriction on his ability to sell those shares would remain in effect until the earlier of September 25, 2013 or the termination of his employment.

Jeffrey T. Slovin, our Chief Executive Officer, was granted 1,130,000 options on September 25, 2005, subject to the approval of the amendment to the 1996 Stock Option Plan as described in Proposal 3, and the vesting of such options will not commence until the closing of the Exchange. If the amendment to the 1996 Stock Option Plan is not approved by the stockholders, Mr. Slovin will be entitled to receive the economic equivalent of such options. In addition, the vesting of an additional 86,907 options held by Mr. Slovin will accelerate and such options will be fully vested at the closing of the Exchange according to their terms. Mr. Slovin may also receive a one-time bonus of \$1,014,463 that would be paid at or about the same time as the payment of the \$2.50 per share dividend.

Mr. Slovin's option agreement also provides that shares acquired upon the exercise of the 1,130,000 options granted on September 25, 2005 or upon the exercise of the 400,000 options granted under his current employment agreement may be sold only with Board approval (not to be unreasonably withheld) and that such restriction shall remain in effect until the earlier of September 25, 2013 or the termination of his employment and directorship.

At approximately the same time as we pay the \$2.50 per share dividend, other Schick officers may also receive one-time bonuses, as follows: Stan Mandelkern, our Vice President of Engineering, may receive \$84,033; Will Autz, our Vice President of Manufacturing, may receive \$98,083; Ari Neugroschl, our Vice President of Management Information Systems, may receive \$19,593; Zvi Raskin, our General Counsel and Secretary, may receive \$24,638; and Ronald Rosner, our Director of Finance and Administration, may receive \$21,170. Such one-time bonuses were calculated to equal the respective amounts that each of the foregoing employees would have received upon the payment of the \$2.50 per share dividend for the shares underlying their unvested or restricted employee stock options. Under the terms of Schick's 1996 Employee Stock Option Plan, unvested options may not be exercised prior to the date they vest.

*Executive employment agreement.* On September 25, 2005, our Board approved entering into an amended employment agreement with Mr. Slovin, our current President and Chief Executive Officer, pursuant to which he will serve as Executive Vice President of the combined company and Chief Operating Officer of U.S. Operations. We will enter into the new employment agreement with Mr. Slovin following the closing of the transactions under the Exchange Agreement. It will supersede in their entirety at such time the existing employment agreement and other compensatory arrangements with Mr. Slovin.

Pursuant to the new employment agreement, Mr. Slovin will receive an annual base salary of \$337,000 until June 15, 2006 and \$350,000 between June 16, 2006 and June 15, 2007. Mr. Slovin is also eligible to receive a bonus in accordance with any future bonus plan. The agreement terminates on June 15, 2007.

In the event that we terminate his employment without cause (as defined in the agreement), or Mr. Slovin terminates his employment with good reason (as defined in the agreement), in each case Mr. Slovin will be entitled to receive:

severance payments, consisting of his base salary in effect at the time of termination, paid for a period of 24 months;

the bonus that he would have otherwise received during the year in which termination occurs; and

health and medical benefits through the earlier of the last day of the 24-month severance period, the date he becomes eligible to receive comparable benefits and the last day permitted by our applicable benefit plan; provided that such time period shall not be less than 18 months following his termination unless he is eligible to receive comparable benefits from another source.

The proposed combination with Sirona will constitute a change in control of Schick. Accordingly, pursuant to their terms, the options held by Mr. Slovin to purchase our common stock, which were previously granted to him in November 2001 and that remain unvested, will accelerate and vest in full as of the closing of the Exchange.

*Registration Rights Agreements.* Existing registration rights agreements between Schick, Greystone and Mr. Slovin have been amended to conform to the Registration Agreement that will be entered into with Luxco. Please see the section entitled "The Exchange Restrictions on Ability to Sell Schick Common Stock; Registration Agreement under Proposal 1." Following the Exchange, Greystone, Luxco and Mr. Slovin would be able to participate in registrations effected at each other's request, and Schick would pay the expenses of such registrations, except underwriting discounts and commissions.

### **Increase of Authorized Capital Stock**

In the Exchange Agreement, we agreed to cause our authorized capital stock to be increased to a total of 100,000,000 shares, consisting of 95,000,000 shares of common stock and 5,000,000 shares of preferred stock. The increase in authorized shares is subject to stockholder approval, as described in more detail in this proxy statement in the section entitled "Proposal 2 Approval of Amendment of Schick's Amended and Restated Certificate of Incorporation to Effect an Increase in Authorized Shares and Change of Name."

### **Accounting Treatment**

Because Luxco will own approximately 66.1%, determined as of December 31, 2005, on fully diluted basis, of the shares of our common stock after the acquisition, Sirona's designees to our Board will represent a majority of the directors and Sirona's senior management will represent a majority of our senior management, Sirona is deemed to be the acquiring company for accounting purposes and the transaction will be accounted for as a reverse acquisition under the purchase method of accounting for business combinations in accordance with U.S. GAAP. Accordingly, the assets and liabilities of Schick will be recorded, as of the completion of Exchange, at their respective fair values and added to those of Sirona. Our reported results of operations after completion of the transaction will reflect those of Sirona, to which the operations of Schick will be added from the date of the completion of the transaction. Our operating results will reflect purchase accounting adjustments, including increased amortization and depreciation expense for acquired assets. Additionally, historical financial condition and results of operations shown for comparative purposes in periodic filings subsequent to the completion of the transaction will reflect those of Sirona. Furthermore, pursuant to Statement of Financial Accounting Standards No. 142, "Goodwill and other Intangible Assets," goodwill and indefinite-lived intangible assets arising from the transaction will be subject to at least an annual assessment for impairment. Identified intangible assets with finite lives will be amortized over those lives. A final determination of the intangible asset values and required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not been made. However, for purposes of disclosing unaudited pro forma information in this proxy statement, a preliminary determination has been made of the purchase price allocation, based upon current estimates and assumptions, which is subject to revision upon completion of the transaction.

### **Restrictions on Ability to Sell Schick Common Stock; Registration Agreement**

The shares of our common stock issued in connection with the transactions contemplated by the Exchange Agreement will be issued in reliance on one or more exemptions from the registration requirements of federal and state securities laws. As a result, Luxco may not sell any of the shares of our common stock it receives in the Exchange except pursuant to an effective registration statement under the Securities Act covering the resale of those shares or an applicable exemption under the Securities Act.

*Tag-Along Rights.* Luxco agreed that until the earlier to occur of (1) the date that is 18 months after the closing date, or (2) such date as neither Luxco nor any group of beneficial owners of Luxco together own at least 50% of the issued and outstanding shares of the combined company's common stock, it shall not, under certain circumstances, sell any of the shares of our common stock it receives in the Exchange, unless Luxco causes the proposed acquirer in such sale to make an offer to purchase from each other stockholder of Schick an equivalent percentage of the shares of common stock held by such other stockholders as sold by the Luxco group, on terms no less favorable than those received by the Luxco group in such sale. This provision would apply only where the acquirer proposes to purchase more than 50% of our outstanding shares at a price that exceeds the average trading price of our common stock for the ten days prior to the announcement of the proposed sale.

*Registration Agreement.* We will enter into a Registration Agreement with Luxco granting it registration rights with respect to the shares they receive in the Exchange. Any group of holders of at least a majority of the securities with registration rights will be able to require us, at any time following the Exchange, to register all or part of their shares three times on a Form S-1 or an unlimited number of times on a Form S-3, provided that, in the case of a registration on Form S-3, the aggregate offering value of the securities to be registered must equal at least \$20 million. In addition, the holders of securities with registration rights will be able to require us to include their shares in future registration statements that we file, subject to reduction at the option of the underwriters of such an offering. Upon any of these registrations, these shares will be freely tradable in the public market without restriction.

We will be obligated under the Registration Agreement to pay the registration expenses incurred in connection with any registration, qualification or compliance relating to the exercise of a holder's registration rights, other than underwriting discounts and commissions. Additionally, we will agree to indemnify and hold harmless holders (and their affiliates) of registrable securities covered by a registration statement against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the holders (or their affiliates) may be required to make because of any of those liabilities. We will also agree not to modify the terms and conditions of the existing registration rights agreement or grant registration rights that could adversely affect a holder's registration rights under the Registration Agreement without the prior written consent of holders of at least a majority of the securities with registration rights.

### Controlled Company Exemption

If our stockholders approve Proposals 1 and 2 and the Exchange is consummated, we will become a Controlled Company as defined under Rule 4350(c)(5) of the listing rules of the Nasdaq National Market. As such, we will be exempt from certain corporate governance requirements of listed companies, such as the requirement that a majority of our Board consist of independent directors.

### Regulatory and Other Matters

The Exchange is subject to the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which prevents specified transactions from being completed until required information and materials are furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission and specified waiting periods are terminated or expire. We have filed the required information and materials to notify the Department of Justice and the Federal Trade Commission of the Exchange, and the applicable waiting period has expired. We have also made submissions to the German and Italian competition authorities and the applicable waiting periods have expired.

The Antitrust Division of the Department of Justice or the Federal Trade Commission may challenge the Exchange on antitrust grounds, either before or after expiration of the waiting period. Accordingly, at any time before or after the completion of the Exchange, either the Antitrust Division of the Department of Justice or the Federal Trade Commission could take action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the Exchange. Additionally, at any time before or after the completion of the Exchange, notwithstanding that the applicable waiting period expired or was terminated, any state or private party could take action under the antitrust laws as it deems necessary or desirable in the public interest. There can be no assurance that a challenge to the Exchange will not be made or that, if a challenge is made, we will prevail.

### Directors and Executive Officers of Schick Following the Exchange

Effective as of the closing of the Exchange, the number of directors comprising our Board will be increased to ten and all of Schick's current directors, except those named in the following table, will resign as directors. The Exchange Agreement provides that immediately following the closing of the Exchange, our Board will consist of the following ten individuals:

<u>Name</u>	<u>Age</u>	<u>Current Position Held with Schick, Sirona or Luxco</u>
William K. Hood	82	Director and Chairman of Schick
Arthur D. Kowaloff	59	Director of Schick
Jeffrey T. Slovin	41	President, Chief Executive Officer and Director of Schick
Timothy P. Sullivan	48	Director of Luxco and Member of Advisory Board of Sirona Dental Systems GmbH
Nicholas W. Alexos	42	Director of Luxco and Member of Advisory Board of Sirona Dental Systems GmbH
Timothy D. Sheehan	34	Member of Advisory Board of Sirona Dental Systems GmbH
David Beecken	59	Member of Advisory Board of Sirona Dental Systems GmbH
Harry M. Jansen Kraemer, Jr.	51	Member of Advisory Board of Sirona Dental Systems GmbH
Jost Fischer	51	Chief Executive Officer and President of Sirona and Member of Advisory Board of Sirona Dental Systems GmbH
Simone Blank	42	Chief Financial Officer and Executive Vice President of Sirona and Member of Advisory Board of Sirona Dental Systems GmbH

*Mr. Hood* has served as Chairman of our Board of Directors since June 2004, and as a Director and Chairman of the Audit Committee of our Board of Directors since February 2002. 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's current term on the Board expires at our Annual Meeting of Stockholders in 2007. 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. Kowaloff* has served as a Director of Schick since October 2004 and as a member of the Audit Committee of the Board of Directors, the Executive Compensation Committee of our Board of Directors, and Chairman of the Special Litigation Committee of our Board of Directors since November 2004. Mr. Kowaloff's current term on the Board expires at our 2005 Annual Meeting of Stockholders and he has been nominated for re-election at such meeting. 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 and a Director of the Orange County Capital Development Corporation. Mr. Kowaloff holds a Juris Doctor degree from Yale Law School.

*Mr. Slovin* has served as our Chief Executive Officer since June 15, 2004 and as our 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 our Chief Operating Officer. Mr. Slovin's current term on the Board expires at our Annual Meeting of Stockholders in 2007. 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 Young Presidents' Organization. Mr. Slovin holds an M.B.A. degree from Harvard Business School.

*Mr. Sullivan* currently serves as a Managing Director of Madison Dearborn Partners, LLC, a private equity investment firm based in Chicago which 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 Advisory Board of Sirona Dental Systems GmbH, currently serves on the Boards of Directors of National Mentor Holdings, Inc., and 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.

*Mr. Alexos* currently serves as a Managing Director of Madison Dearborn Partners, LLC, a private equity investment firm based in Chicago which 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 works on transactions across all of the firm's industry sectors and, in addition to serving on the Advisory Board of Sirona Dental Systems GmbH, currently serves on the Boards of Directors of National Mentor Holdings, Inc., 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.

*Mr. Sheehan* currently serves as a Director of Madison Dearborn Partners, LLC, a private equity investment firm based in Chicago which invests in management buyout and other private equity transactions across a broad spectrum of industries. Prior to joining Madison Dearborn Partners, Mr. Sheehan was with Salomon Brothers, Inc. Mr. Sheehan concentrates on investments in the health care industry and currently serves on the Board of Directors of Valitas Health Services, Inc., in addition to serving on the Advisory Board of Sirona Dental Systems GmbH.

*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 on private equity investments in healthcare. Mr. Beecken was Senior Managing Director of ABN AMRO Incorporated, a broker-dealer from February 1993 to March 1999. From 1989 to February 1993, Mr. Beecken was a Senior Vice President Managing Director of First National Bank of Chicago. Mr. Beecken serves on the Boards of Directors of DentalCare Partners, Inc. 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.

*Mr. Kraemer* currently serves as an Executive Partner of Madison Dearborn Partners, LLC, a private equity investment firm based in Chicago which invests in management buyout and other private equity transactions across a broad spectrum of industries. Prior to joining Madison Dearborn Partners in 2005, 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 now serves as adjunct professor of management and strategy at Kellogg School of Management at Northwestern University. In addition to serving on the Advisory Board of Sirona Dental Systems GmbH, Mr. Kraemer currently serves on the Board of Directors of Science Application International Corporation (SAIC); on the Board of Trustees of Northwestern University; the Kellogg School of Management Dean's Advisory Board; the Lawrence University Board of Trustees; the Johns Hopkins Bloomberg School of Public Health Dean's Advisory Board; and the Conference Board, Board of Trustees. Mr. Kraemer received a B.A., C.P.A. from Lawrence University and an M.B.A. from the Kellogg School of Management at Northwestern University.

*Mr. Fischer* currently serves as Chairman, President and Chief Executive Officer of Sirona and has 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 the 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.

*Ms. Blank* has served as Executive Vice President and Chief Financial Officer of Sirona since July 1999. Prior to that date, 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 Duisburg, Germany.

Effective as of the closing of the Exchange, Jost Fischer, the current Chief Executive Officer of Sirona, will be appointed our Chairman of the Board, President and Chief Executive Officer, Jeffrey T. Slovin, our current President and Chief Executive Officer, will be appointed Executive Vice President of the combined company and Chief Operating Officer of U.S. Operations, and Simone Blank, Sirona's current Chief Financial Officer, will be appointed Executive Vice President and Chief Financial Officer of the combined company.

## U.S. Federal Income Tax Consequences

### *The Exchange*

Because the Exchange will not involve an exchange of shares or securities by Schick stockholders (as determined immediately before the Exchange), the closing of the Exchange under the Exchange Agreement will not have material U.S. federal income tax consequences to the holders of Schick common stock.

### *Dividend Payment*

The U.S. federal income tax consequences of the \$2.50 per share dividend to our stockholders are discussed below. As used in this section, a U.S. Holder of our common stock means a beneficial owner that is for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States or any political subdivision thereof;

an estate the income of which is subject to U.S. federal income taxation regardless of its source, or

a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding common stock, we urge you to consult your own tax advisors.

### *Consequences to U.S. Holders*

The gross amount of dividends paid to you will be treated as dividend income to you to the extent paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Such income will be includible in your gross income on the day received by you. Distributions to you in excess of earnings and profits will be treated first as a return of capital that reduces your tax basis in the shares of common stock, and then as gain from the sale or exchange of shares of common stock. Under current legislation, dividend income will generally be taxed to you (if you are an individual) at the rates applicable to long-term capital gains, provided that a minimum holding period and other requirements are satisfied.

Corporate U.S. Holders may be entitled to a dividends-received deduction with respect to distributions treated as dividend income for U.S. federal income tax purposes, subject to numerous limitations and requirements.

### *Information Reporting and Backup Withholding*

In general, information reporting requirements will apply to dividends paid on common stock. A backup withholding tax will apply to such payments if you fail to provide a taxpayer identification number or certification of other exempt status or fail to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished to the IRS.

### *Consequences to Non-U.S. Holders*

A Non-U.S. Holder is a beneficial owner, other than an entity or arrangement classified as a partnership for U.S. federal income tax purposes, that is not a U.S. Holder.

Dividends paid to you (to the extent paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes) generally will be subject to withholding at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with your conduct of a trade or business within the United States or, if certain tax treaties apply, are attributable to your U.S. permanent establishment, are not subject to the withholding tax, but instead are subject to U.S. federal income tax on a net income basis at applicable graduated individual or corporate rates. Special certification and disclosure requirements must be satisfied for effectively connected income to be exempt from withholding. If you are a corporation, any such effectively connected dividends received by you may be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

If you wish to claim the benefit of an applicable treaty rate (and avoid backup withholding as discussed below) for dividends, you must provide the withholding agent with a properly executed IRS Form W-8BEN claiming an exemption from or reduction in withholding under an applicable income tax treaty. Applicable Treasury Regulations provide alternative methods for satisfying this requirement. Under these Treasury Regulations, in the case of common stock held by a foreign intermediary (other than a qualified intermediary) or a foreign partnership (other than a withholding foreign partnership), the foregoing intermediary or partnership, as the case may be, generally must provide an IRS Form W-8IMY and attach thereto an appropriate certification by each beneficial owner or partner.

If you are eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty, you may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

### *Information Reporting and Backup Withholding*

You may be subject to information reporting requirements and backup withholding with respect to dividend payments on shares of common stock, unless you comply with certain reporting procedures (usually satisfied by providing an IRS Form W-8BEN) or otherwise establish an exemption.

In addition, the amount of dividends paid to you and the amount of tax, if any, withheld from such payment must generally be reported annually to you and the IRS. The IRS may make such information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which you are resident.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished by you to the IRS.

**THE FOREGOING SUMMARY IS BASED UPON THE EXISTING PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND EXISTING ADMINISTRATIVE AND JUDICIAL INTERPRETATIONS THEREUNDER. NO ASSURANCE CAN BE GIVEN THAT LEGISLATIVE, ADMINISTRATIVE OR JUDICIAL CHANGES WILL NOT OCCUR WHICH WOULD MATERIALLY AFFECT THE U.S. TAX CONSEQUENCES OF THE DIVIDEND PAYMENT TO A STOCKHOLDER OR REQUIRE THE MODIFICATION OF THE FOREGOING SUMMARY. EACH STOCKHOLDER IS ADVISED TO CONSULT ITS TAX ADVISER FOR ADVICE AS TO STATE, LOCAL, FOREIGN AND OTHER TAXES.**

### **THE EXCHANGE AGREEMENT**

*The following is a description of the material terms of the Exchange Agreement. Although we believe that the following description includes the material terms of the agreement, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire proxy statement, including the Exchange Agreement, attached to this proxy statement as Annex A, for a more complete understanding of the*

*transaction. The following description is subject to, and is qualified in its entirety by reference to, the Exchange Agreement.*

### **General**

We entered into the Exchange Agreement with Sirona on September 25, 2005. The closing of the Exchange is expected to occur following:

the approval of the Exchange Agreement and the issuance of our common stock in accordance with the Exchange Agreement (Proposal 1) and the approval of an amendment to our Amended and Restated Certificate of Incorporation to effect an increase in the authorized shares of our capital stock and to change our corporate name (Proposal 2); and

the satisfaction or waiver of the other conditions to the Exchange.

We expect that the closing of the transactions contemplated by the Exchange Agreement will occur as soon as possible after receipt of the requisite approvals from our stockholders.

### **The Exchange**

In accordance with the Exchange Agreement, Schick will issue to Luxco 36,972,480 shares of its common stock in exchange for Luxco's entire economic interest in Sirona, which consists of all of the issued and outstanding share capital of Sirona and the Shareholder Loan. The Shareholder Loan will become an intercompany loan that will be eliminated on the combined company's consolidated balance sheet. Immediately following the closing of the Exchange, Sirona will own shares of our common stock representing in the aggregate approximately 66.1% of our outstanding common stock, determined as of December 31, 2005, on a fully diluted basis (66.8% on a diluted basis in accordance with the treasury method).

### **Representations and Warranties**

We and Sirona each made a number of representations and warranties in the Exchange Agreement regarding aspects of Schick's and Sirona's respective businesses, financial condition, structure and other facts pertinent to the Exchange. In addition, the Exchange Agreement contains representations and warranties of Luxco.

We made representations and warranties, and the Exchange Agreement includes representations and warranties regarding Sirona, as to:

corporate organization and qualification to conduct business;

subsidiaries;

certificate of incorporation and bylaws;

capitalization, stockholder agreements and compliance with legal requirements;

authorization of the Exchange by the respective companies and any stockholders' vote required to approve the Exchange and related agreements;

the effect of the Exchange on obligations of the respective companies under applicable laws and existing contractual arrangements and consents to be obtained in connection with the Exchange Agreement;

financial statements, indebtedness and undisclosed liabilities;

absence of changes or events in the respective companies' businesses since June 30, 2005;

taxes;

intellectual property;

compliance with laws and permits required to conduct business;

litigation and indemnification agreements;

regulatory approvals required to complete the Exchange;

material contracts;

benefit plans and labor and employment matters;

properties owned or leased and tangible personal property;

insurance;

related party transactions;

environmental matters; and

payments, if any, required to be made to brokers and agents on account of the Exchange.

In addition, we made representations and warranties as to:

filings with the SEC;

proxy statement disclosure;

approval by the respective companies' boards of directors;

the opinion of our financial advisor; and

the inapplicability of Section 203 of the Delaware General Corporation law to the Exchange.

Luxco made representations and warranties as to:

legal capacity to enter into the Exchange Agreement;

authorization of the Exchange Agreement by Luxco;

the effect of the Exchange on obligations of Luxco under applicable laws and existing contractual arrangements;

the acquisition of Schick shares as an investment;

consents to be obtained in connection with the Exchange Agreement;

capital structure;

title to the Sirona shares held by Luxco and the note to be transferred to Schick;

investment experience and status; and

disclosure of representations and warranties.

All of the representations and warranties terminate at the closing of the Exchange.

The representations and warranties included in the Exchange Agreement are complicated and not easily summarized. We urge you to carefully read the articles of the Exchange Agreement entitled Representations and Warranties of Schick, Representations and Warranties of Sirona, and Representations and Warranties of Luxco attached as Annex A to this proxy statement.

The representations and warranties contained in the Exchange Agreement are made for the purposes of allocation of risk and, as conditions to closing, may be modified, qualified and subject to exceptions in the disclosure schedules provided in accordance with the Exchange Agreement. The inclusion of the Exchange Agreement as an exhibit in this proxy statement is not intended to either express or imply that those representations and warranties are accurate. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they are modified in important part by the underlying disclosure schedules. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Exchange Agreement.

### **Conduct of Business Prior to the Exchange**

We and Sirona agreed that unless the Exchange Agreement states otherwise, until the earlier of the termination of the Exchange Agreement or completion of the Exchange or unless Schick or Luxco consents otherwise in writing, each company will:

conduct its business in the ordinary course of business;

use its reasonable best efforts to preserve intact its present business organization; and

use its reasonable best efforts to preserve its relationships with material customers, suppliers and others with which it has material business dealings.

We and Sirona also agreed that, unless the Exchange Agreement states otherwise, until the earlier of the termination of the Exchange Agreement or completion of the Exchange or unless Schick or Luxco consents otherwise in writing, each company will conduct its business in compliance with certain specific restrictions related to the following:

the issuance of dividends or other distributions;

the reclassification, split, combination, repurchase, redemption or acquisition of its securities;

the issuance, deliverance or sale of any securities, including options and warrants;

the amendment of its organizational documents;

the incurrence of indebtedness; and

the adoption, amendment or increase of director or employee compensation, benefit plans, policies or arrangements.

In addition, we and Sirona agreed that we may make a loan to any employee of Schick (other than our officers and other excepted persons) in an amount not to exceed \$2.50 for each outstanding vested option held by such employee. Any such loan will, among other things, be secured by the shares received by the employee upon the exercise of such option and will be required to be prepaid with any proceeds such employee may receive in connection with the \$2.50 per share dividend discussed elsewhere in this proxy statement. The aggregate amount of all such loans will not exceed \$2.5 million.

We and Sirona also agreed that a one-time bonus not to exceed \$2,176,368 may be paid to certain employees at or about the same time as the payment of the \$2.50 per share dividend, including \$1,014,462 to Mr. Jeff Slovin, \$497,590 to Mr. Michael Stone, \$84,033 to Mr. Stan Mandelkern, \$24,638 to Mr. Zvi Raskin, \$84,033 to Mr. Will Autz, \$98,083 to Mr. Ari Neugroschl and \$21,170 to Mr. Ronald Rosner. Such one-time bonuses were calculated to equal the respective amounts that each of the foregoing employees would have received upon the payment of the \$2.50 per share dividend for the shares underlying their unvested or restricted employee stock options. Under the terms of Schick's 1996 Employee Stock Option Plan, unvested options may not be exercised prior to the date they vest.

The agreements related to the conduct of Sirona's business and our business in the Exchange Agreement are complicated and not easily summarized. We urge you to carefully read the section of the Exchange Agreement entitled "Covenants Relating to Conduct of Businesses" relating to both Sirona and us.

### **No Solicitation**

We and Sirona further agreed, except as described below, not to engage in any and all activities, discussions or negotiations with any parties with respect to any competing transactions. A "competing transaction" as defined in the Exchange Agreement is a transaction, other than the Exchange, involving any of the following:

any merger, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or other similar transaction involving Luxco or us;

any acquisition, purchase, sale, lease, exchange, transfer, issuance or disposition of a material portion of the assets or debt or equity securities of Luxco or us; and

any tender offer or exchange offer for 20% or more of any class of equity securities of Luxco or us or any of our respective subsidiaries.

Until the Exchange is completed or the Exchange Agreement is terminated, except as described below, we and Sirona agreed not to, and will not authorize and will use our reasonable best efforts not to permit any of our officers, directors, agents, employees and advisors to, take any of the following actions:

solicit, initiate, or knowingly encourage any inquiries or the making of a proposal or offer that constitutes, or may be reasonably expected to lead to, a competing transaction;

enter into or maintain or continue discussions or negotiations with a third party in furtherance of any inquiries or to obtain a competing transaction; or

agree to or endorse a competing transaction.

We agreed to inform Luxco promptly (within 24 hours) if any proposal or offer regarding a competing transaction is made or if any inquiry or contact with the party making the proposal regarding a competing transaction is made.

Our Board may, without breaching the Exchange Agreement, respond to an unsolicited, bona fide, written proposal to acquire us pursuant to a competing transaction by discussing the proposal with the party making the proposal and by furnishing information to the party making the proposal, if all of the following conditions are met:

our Board determines in good faith, after having consulted with its financial advisor, that the proposal constitutes, or is reasonably likely to result in a superior proposal (as defined below);

our Board determines in good faith that its fiduciary obligations require it to do so after taking into account any revisions proposed by Luxco after Luxco has been notified of any competing proposal;

we provide Luxco, in writing, the terms and conditions of the competing transaction proposal and the identity of the party making such proposal; and

we receive from the party making the proposal an executed confidentiality agreement.

A superior proposal is a bona fide written proposal regarding a competing transaction for or in respect of the acquisition of at least a majority of the outstanding shares of common stock or all or substantially all of our and our subsidiaries' assets on terms that our Board determines in its good faith judgment (after having consulted with its financial advisor and outside counsel), taking into account any revisions to the terms of the Exchange transaction or the Exchange Agreement proposed by Luxco and all terms and conditions of each competing proposal, including any break up fees, expense reimbursement provisions and conditions to consummation, after being given five business days' notice of the terms of the competing transaction, are more favorable to our stockholders than the Exchange and that is reasonably likely to be completed on the proposed terms, taking into account all legal, financial, regulatory and other aspects of such proposal.

Notwithstanding the foregoing, Schick's Board may, prior to obtaining stockholder approval to Proposals 1 and 2, withdraw or modify in a manner adverse to Luxco its recommendation in favor of the Exchange Agreement or the transactions contemplated by the Exchange Agreement and approve or recommend a competing transaction in connection with a superior proposal if all of the following conditions are met:

the Schick Board determines in good faith, after consulting with outside legal counsel, that the failure to change or withdraw its recommendation would result in a violation of their fiduciary duties to the Schick stockholders;

before taking any such action, Schick promptly gives Luxco written notice advising Luxco of its decision and the reason therefor, discloses to Luxco the terms of the competing transaction, gives Luxco at least five business days to revise its proposal and negotiates in good faith with Luxco any such revisions or other proposal;

the competing transaction constitutes a superior proposal and has not been withdrawn; and

Schick terminates the Exchange Agreement within three business days after the five business day period referred to above (unless otherwise agreed by Luxco).

#### **Corporate Governance Matters**

We agreed to take all actions, as of the closing of the Exchange, as may be necessary to cause:

the number of directors comprising the board of the combined company to be increased to ten;

the resignation of all of the directors on the board other than Messrs. Hood, Kowaloff and Slovin;

the appointment of Messrs. Sullivan, Alexos, Sheehan, Beecken, Kraemer and Fischer and Ms. Blank to the board;

the appointment of Mr. Fischer as the chairman of the board;



the change of our corporate name to Sirona Dental Systems, Inc., subject to the receipt of the approval of our stockholders at our special meeting; and

the appointment of Mr. Fischer as President and Chief Executive Officer of the combined company, Mr. Slovin as Executive Vice President and Chief Operating Officer of U.S. Operations of the combined company and Ms. Blank as Executive Vice President and Chief Financial Officer of the combined company.

In addition, immediately prior to the closing of the Exchange, we agreed to take all actions as may be necessary to cause our authorized stock to be increased to a total of 100,000,000 shares, consisting of 95,000,000 shares of common stock and 5,000,000 shares of preferred stock.

We and Sirona also agreed that the combined company's board must include at least three directors who are independent of Luxco, for so long as either Luxco or the Luxco group together own at least 50% of the combined company's outstanding stock.

#### **Other Agreements**

##### **Under the Exchange Agreement, we and Luxco have made additional agreements as follows:**

Luxco has agreed to transfer any of the shares of our common stock they receive in the Exchange only:

pursuant to public offerings registered under the Securities Act;

pursuant to Rule 144;

to a person whom it reasonably believes is a Qualified Institutional Buyer as defined in Rule 144A;

outside of the United States in an offshore transaction in accordance with Rule 904 of the Securities Act; or

in a transaction otherwise exempt from the registration requirements of the Securities Act.

Luxco has agreed that until the earlier of the date that is 18 months after the Closing Date and such date as neither Luxco nor any group of beneficial owners of Luxco together own at least 50% of the issued and outstanding shares of our common stock, in the event that Luxco or any group of beneficial owners of Luxco proposes to consummate a sale to any person of a number of shares of common stock exceeding 50% of our outstanding common stock and the sale price per share received by them exceeds the average closing trading price of the common stock for the ten consecutive days prior to the date of the announcement of the proposed sale, it will not consummate such sale unless it causes the proposed acquiror to make, as soon as practicable after the closing of such sale, an offer to purchase from each other Schick stockholder an equivalent percentage of the shares of common stock held by such other stockholders as sold by it, on terms no less favorable than those received by the Luxco group in such sale.

#### **Conditions to Completion of the Exchange**

Our obligation and the obligation of Luxco and Sirona to complete the Exchange are subject to the satisfaction or waiver of the following conditions, among others:

the Exchange Agreement, the Exchange and the amendment to our Amended and Restated Certificate of Incorporation must have been approved by a majority of our stockholders;

no temporary restraining order, preliminary or permanent injunction or other order issued by a court or other governmental entity shall be in effect which has the effect of making the Exchange illegal or otherwise prohibiting consummation of the Exchange;

no action or proceeding has been brought or threatened in writing by a governmental entity or any statute, rule, regulation, executive order or other action has been enacted, taken or threatened which has the effect of making the Exchange illegal or otherwise prohibiting completion of or imposing a material limitation on the Exchange; and

any waiting period under the Hart-Scott Rodino Act shall have expired or been terminated and any consents by a non-U.S. governmental entity that are material and required to be obtained under anti-competition laws shall have been obtained.

Our obligation to complete the Exchange is subject to the satisfaction or waiver of the following additional conditions, among others:

the representations and warranties of Sirona and Luxco must be true and correct as to any representation or warranty that addressed matters as of a particular date, as of such date, and as to all other representations and warranties, as though made on and as of the closing, unless the inaccuracies under such representations and warranties, would not, individually or in the aggregate, result in a Material Adverse Effect (as defined below), without giving effect to any materiality or Material Adverse Effect qualifier therein;

Luxco and Sirona must have performed and complied in all material respects with all their respective agreements and covenants required by the Exchange Agreement to be performed or complied with on or prior to the closing;

no Material Adverse Change (as defined below) with respect to Sirona or Luxco shall have occurred and be continuing since the execution of the Exchange Agreement; and

we shall have received certain third party consents, approvals and miscellaneous deliveries.

Sirona's and Luxco's obligations to complete the Exchange is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of Schick must be true and correct as to any representation or warranty that addressed matters as of a particular date, as of such date, and as to all other representations and warranties, as though made on and as of the closing, unless the inaccuracies under such representations and warranties, would not, individually or in the aggregate, result in a Material Adverse Effect (as defined below), without giving effect to any materiality or Material Adverse Effect qualifier therein;

Schick must have performed and complied in all material respects with all its agreements and covenants required by the Exchange Agreement to be performed or complied with on or prior to the closing;

no Material Adverse Change (as defined below) with respect to Schick shall have occurred and be continuing since the execution of the Exchange Agreement;

Schick shall have filed the amendment to the Amended and Restated Certificate of Incorporation and the amendment shall have become effective;

the board of the combined company shall be composed of William K. Hood, Arthur D. Kowaloff, Jeffrey T. Slovin, Timothy P. Sullivan, Nicholas W. Alexos, Timothy Sheehan, David Beecken, Harry M. Jansen Kraemer, Jr., Jost Fischer and Simone Blank;

Luxco shall have received certain third party consents, approvals and miscellaneous deliveries; and

Schick shall have executed and delivered to Luxco the Registration Agreement.

*Definition of Material Adverse Effect or Material Adverse Change.* Under the Exchange Agreement, a **Material Adverse Effect** or a **Material Adverse Change** is defined to mean any change, event, development, violation, inaccuracy, circumstance or effect that has had or is reasonably likely to have a material adverse effect on the business, assets (including intangible assets), results of operations or financial condition of the applicable company and its subsidiaries taken as a whole.

However, under the terms of the Exchange Agreement, none of the following will be taken into account in determining whether there has been or will be a Material Adverse Effect:

changes in general economic conditions;

changes in the industry in which we or Sirona (as applicable) operate in general, except to the extent such change is materially disproportionate to us or Sirona;

the announcement or proposed consummation of the transactions contemplated by the Exchange Agreement; or

changes resulting from compliance with the terms and conditions of the Exchange Agreement.

**Termination of the Exchange Agreement**

The Exchange Agreement may be terminated at any time prior to the closing as follows:

by the mutual written consent of Luxco and us;

by either Luxco or us if any governmental entity has taken action which has become final and nonappealable and has the effect of preventing or prohibiting completion of the Exchange;

by either Luxco or us if the closing has not occurred before May 31, 2006;

by either Luxco or us if Proposal 1 or 2 in this proxy statement fails to receive the requisite votes for approval at the special meeting;

by Luxco upon a material breach of any of our covenants or agreements set forth in the Exchange Agreement, or if any of our representations or warranties has become untrue, unless the inaccuracies in such representations and warranties do not individually or in the aggregate result in a Material Adverse Effect, except that if any such breach is curable by us within 30 days after notice thereof, Luxco cannot terminate the Exchange Agreement for so long as we continue to exercise our reasonable best efforts to cure such breach, unless such breach is not cured within 30 days after notice of such breach is provided by Luxco;

by us upon a material breach of any of Luxco's or Sirona's covenants or agreements set forth in the Exchange Agreement, or if any of their representations or warranties has become untrue, unless the inaccuracies in such representations and warranties do not individually or in the aggregate result in a Material Adverse Effect, except that if any such breach is curable by Luxco or Sirona within 30 days after notice thereof, as the case may be, we cannot terminate the Exchange Agreement for so long as Luxco or Sirona, as the case may be, continues to exercise their reasonable best efforts to cure such breach, unless such breach is not cured within 30 days after notice of such breach is provided by us; or

by us in the event our Board, prior to obtaining stockholder approval of the Exchange, withdraws or publicly proposes to withdraw its recommendation in favor of the Exchange Agreement and approves or recommends a proposal for a competing transaction in connection with a superior proposal.

**Payment of Fees and Expenses**

*Expenses.* Except as described below, all fees and expenses incurred in connection with the Exchange Agreement and any related transactions will be paid by the party incurring such expenses, whether or not the Exchange or any other transaction is completed, provided that all fees and out-of-pocket expenses, other than attorneys' fees, incurred in connection with the filing by any of the parties or their respective subsidiaries of any notice or other document under any applicable antitrust legal requirement shall either be (i) paid 100% by us or our subsidiaries, in which case, Sirona or its subsidiaries shall promptly reimburse us or our subsidiaries for 50% of any such payments or (ii) paid to the applicable third party 50% by us or our subsidiaries and 50% by Sirona or its subsidiaries.

*Expense Payment.* We will promptly, but no later than two business days after the Exchange Agreement is terminated due to the failure of a majority of our stockholders to adopt the Exchange Agreement, reimburse Luxco and Sirona their expenses in cash in an amount not to exceed \$1.5 million.

*Termination Fee.* On the date of the termination events described below, we will pay to Luxco a termination fee of \$13.5 million (less any expense payments already paid):

in the event our Board, prior to obtaining stockholder approval of the Exchange, withdraws or publicly proposes to withdraw (or modify in a manner adverse to Luxco) its recommendation in favor of the Exchange Agreement and approves or recommends a proposal for a competing transaction in connection with a superior proposal; or

if each of the following events has occurred:

a proposal for a competing transaction with respect to us or our subsidiaries is publicly disclosed or publicly proposed to us or our stockholders prior to the termination of the Exchange Agreement and the Exchange Agreement is terminated:

by either Luxco or us if the closing date has not occurred on or before May 31, 2006;

by either Luxco or us if a majority of our stockholders do not adopt the Exchange Agreement; or

by Luxco upon a material breach of any of our covenants or agreements set forth in the Exchange Agreement, or if any of our representations or warranties has become untrue, unless the inaccuracies in such representations and warranties do not individually or in the aggregate result in a Material Adverse Effect, except that if any such breach is curable by us within 30 days after notice thereof, Luxco cannot terminate the Exchange Agreement for so long as we continue to exercise our reasonable best efforts to cure such breach, unless such breach is not cured within 30 days after notice of such breach is provided by Luxco; and

within 12 months after the date of such termination, we or our subsidiaries enter into a definitive agreement with respect to, or consummate, the proposal for such competing transaction.

**Amendment, Extension and Waiver of the Exchange Agreement**

We, Sirona and Luxco may amend the Exchange Agreement only by mutual written consent. In addition, at any time prior to the closing of the Exchange, either we, Sirona and Luxco may, through an instrument in writing signed by the party or parties to be bound, extend the time for the performance of any obligation or other acts of the

other parties, waive any inaccuracy in the representations and warranties of the other party, or waive compliance with any agreement or condition of the other party contained in the Exchange Agreement.

#### **AGREEMENTS RELATED TO THE EXCHANGE**

##### **Voting Agreement**

On September 25, 2005 Luxco entered into a Voting Agreement with Greystone, each of our current directors and certain of our executive officers and former directors pursuant to which they agreed, among other things, to vote the shares of our common stock that they hold in favor of all matters to be submitted for stockholder approval in connection with the Exchange Agreement, the Exchange and the transactions related to the Exchange, and against any other transaction or action that could reasonably be expected to adversely affect the Exchange Agreement or result in any of the conditions to the obligations of the parties under the Exchange Agreement not being fulfilled. In addition, each executive officer and director agreed not to sell, transfer, pledge or otherwise encumber, assign or otherwise dispose of his shares of our common stock. Transfers of shares of our common stock to family members or affiliates will be permitted if the transferee agrees in writing to be bound by such restrictions on transfer or if Luxco consents to the transfer. As of \_\_\_\_\_, 2006, the record date, stockholders owning \_\_\_\_\_ shares, or \_\_\_\_\_%, of our outstanding common stock, have entered into Voting Agreements with Luxco. The voting agreements would terminate upon any termination of the Exchange Agreement.

##### **New Employment Agreement with Jeffrey T. Slovin**

For information about Mr. Slovin's new employment agreement that will become effective as of the closing of the Exchange, please see The Exchange Interests of Directors, Officers and Affiliates Executive Employment Agreement.

##### **Registration Agreement**

Existing registration rights agreements between Schick, Greystone and Mr. Slovin have been amended to conform to the Registration Agreement that will be entered into with Luxco. Please see the section entitled The Exchange Restrictions on Ability to Sell Schick Common Stock; Registration Agreement.

## INFORMATION ABOUT SIRONA

### Business

#### *Overview*

Sirona is a leading manufacturer of high-tech dental equipment. Sirona focuses on developing innovative systems and solutions for dentists globally. Sirona provides a broad range of advanced products in each of the four primary areas:

Dental CAD/CAM Systems;

Imaging Systems;

Treatment Centers; and

Instruments.

Sirona distributes its products globally to dental practices, clinics and laboratories through an international network of independent distributors. The distributors typically cover both dental equipment and consumables, and, therefore, have regular contact with the ultimate end-users.

Sirona's revenue for the year ended September 30, 2005 was \$463 million. Sirona sells its products globally with the U.S. market contributing 27% of revenue, or \$126 million, and the rest of the world contributing 73% of revenue, or \$337 million.

Sirona's global headquarters and principal manufacturing facility are located in Bensheim, Germany. Sirona also maintains U.S. headquarters in Charlotte, North Carolina, and manufacturing facilities in Denmark, Italy and China. As of December 31, 2005, Sirona had approximately 1,700 employees.

#### *History*

The history of Sirona dates back to the establishment of Reiniger, Gebbert & Schall, which introduced the first electrical drill machine in 1882. In 1925, the company became part of Siemens & Halske Group and in 1934 launched the smallest x-ray in the world, enabling dental x-rays for the first time. In 1956, Siemens introduced the Sirona brand for a treatment center and in 1958 the group developed the first ball-bearing turbine for dental drills.

In 1997, funds advised by the financial sponsor, Permira, acquired the dental business (Sirona) from Siemens in a leveraged buy-out transaction. Following the transaction, Sirona substantially increased its international sales and intensified its focus on product innovations. In November 2003, Permira sold Sirona to the Scandinavian financial sponsor EQT and management, in a leveraged buy-out transaction that closed on February 16, 2004. On April 30, 2005, funds managed by Madison Dearborn Partners, a private equity firm, and Sirona's management entered into an agreement to acquire Sirona in a leveraged buy-out transaction that closed on June 30, 2005.

#### *Dental CAD/CAM Systems*

Dental CAD/CAM Systems address the worldwide market for dental restorations, which includes several types of restorations, such as inlays, onlays, veneers, crowns, bridges, copings and bridge frameworks made from ceramic, metal or composite blocks. The global market for dental restorations can be divided into two sub-segments: hand-made in-mouth filings and out-of-mouth pre-shaped restorations. CAD/CAM-produced ceramic restorations represent a small but growing part of the out-of-mouth restoration market. Although the number of out-of-mouth restorations prepared with CAD/CAM systems has increased over the last three years, the number of dental practitioners and dental laboratories using CAD/CAM technology worldwide is still low. For example, Sirona estimates that market penetration in the United States is below 6% and in Germany is below 10%.

Sirona pioneered the application of high tech CAD/CAM techniques to the traditional lab-based restoration process with the commercialization of the CERamic REConstruction, or CEREC, method. Sirona's CEREC system is an in-office application which enables the dentist to produce high quality restorations from ceramic material and insert them into the patient's mouth during a single appointment. CEREC represents an advantageous substitute for the traditional out-of-mouth pre-shaped restoration method, which requires a dentist to send a model of the damaged tooth to a dental laboratory, and therefore multiple patient visits. The system consists of an imaging and a milling unit. The imaging unit scans the damaged area, captures the image of the tooth or teeth requiring restoration and proposes the specifications for the restoration. The milling unit then mills the ceramic restoration to the required specifications based upon the captured image. The result is a biocompatible, non-metallic, natural-looking restoration made of durable, high-quality ceramic materials, in a single treatment session. Independent studies indicate that CEREC ceramic restorations, in addition to the benefit of appearing natural-looking, are as durable as gold and can replace conventional restoration materials for most procedures. In fiscal year 2003, Sirona launched its current CEREC product, which has been periodically updated, including enhanced software applications, such as CEREC Crown, and the duration of the milling process was cut by 40%.

In addition to CEREC, Sirona also offers the products Inlab and inEos for dental laboratories. These products are designed to improve efficiency and reduce costs for the dental lab. Inlab scans the model received from the dentist and mills the ceramic restoration, such as crown copings, bridge frameworks from ceramic or composite blocks, to the specifications of the captured image. The inEos scanner, which was launched in 2005, is a high speed scanner which produces 3D digital images from a single tooth up to a jaw, directly from the plaster model. The inEos product has scanning times of less than 10 seconds, a significant factor which enhances productivity.

In 2004, Sirona started its central restoration service business for copings and bridge-frameworks in Germany and will expand this service to the United States in 2006. This service allows dental labs to scan a plaster model received from the dentist and transmit the digital image directly to Sirona via the internet, where the bridge or coping is created at a central manufacturing site, with the final product shipped directly to the lab.

The Dental CAD/CAM Systems segment contributed \$169 million, or 36%, of Sirona's revenue for the year ended September 30, 2005, making this segment the largest contributor to Sirona's revenue.

#### *Imaging Systems*

Imaging Systems comprise a broad range of equipment for diagnostic imaging in the dental practice, using both film-based and digital technologies. Sirona has developed a broad range of imaging systems for panoramic and intra-oral applications.

Intra-oral x-ray equipment uses image-capture devices (film or sensor), which are inserted into the mouth behind the diagnostic area, and typically take images of one or two teeth. Panoramic x-ray equipment produces images of the entire jaw structure by means of an x-ray tube and an image capture device, which rotates around the head.

In July 2004, Sirona introduced its next generation of digital panoramic ray systems, the Orthophos XG line. The flagship model, the Orthophos XG Plus, provides specialists, orthodontists, oral surgeons and implantologists with over 30 programs and a wide variety of diagnostic possibilities. Other models of the family include the Orthophos XG 5 which is designed for general dental practitioners, and the basic model Orthophos XG 3.

The Imaging Systems segment contributed \$100 million, or 22%, of Sirona's revenue for the year ended September 30, 2005.

#### *Treatment Centers*

Treatment Centers comprise a broad range of products from basic dentist chairs to sophisticated chair-based treatment centers with integrated diagnostic, hygiene and ergonomic functionalities, as well as specialist centers used in preventative treatment and for training purposes. Sirona offers specifically configured products to

meet the preferences of dentists within each region in which it operates. Sirona's treatment center configurations and system integration are designed to enhance productivity by creating a seamless workflow within the dental practice. Sirona's centers therefore allow the dentist to both improve productivity and increase patient satisfaction, significant factors in adding value to his or her practice. In October 2004, Sirona acquired one of the leading Chinese manufacturers of basic treatment centers, located in Foshan (South China). These basic products will be manufactured both for the domestic Chinese market and for export markets.

The Treatment Centers segment contributed \$131 million, or 28%, of Sirona's revenue for the year ended September 30, 2005.

#### *Instruments*

Sirona offers a wide range of instruments, including handheld and power-operated handpieces for cavity preparation, endodontics, periodontology and prophylaxis. The instruments are supplemented by multi-function tips, supply and suction hoses, as well as care and hygiene systems for instrument preparation. Sirona's instruments are often sold as complete packages in combination with treatment centers. In 2005, Sirona introduced several new products, including:

SIROLaser, a versatile, compact, handy diode laser that can be used in endodontics, periodontology and oral surgery;

PerioScan, an all-in-one ultrasonic scaling unit, enabling both diagnosis and treatment of dental calculus with a single device; and

SIROEndo, a root canal preparation unit that can be attached to any treatment center.

Sirona intends to continue to strengthen the position of its Instruments segment as a diversified supplier of high-quality, reliable, user-friendly and cost-efficient dental instruments.

The Instruments segment contributed \$63 million, or 14%, of Sirona's revenue for the year ended September 30, 2005.

#### *Distribution*

Sirona distributes its products globally to dental practices, clinics and laboratories through an international network of more than 300 independent distributors. Because distributors typically cover both dental equipment and consumables, they have regular contact with the dentist and are therefore optimally positioned to identify new equipment sale opportunities. Sirona's primary distributors in the United States are Patterson Companies and Henry Schein, two of the world's largest dental distributors. Outside of the United States, Henry Schein is the company's largest distributor, and, along with Pluradent, primarily distributes for Sirona in Europe. Sirona distributes elsewhere through a well developed network of independent regional players. Sirona works closely with its distributors by training their technicians and sale representatives with respect to its products. With over 2000 sales professionals trained each year, Sirona is able to ensure high standards of quality in after-sale service and the best marketing of its products. The success of Sirona's products is evidenced by their importance to its distribution partners, which in many cases are among their best selling offerings.

#### *Sales and Marketing*

Sirona's sales and marketing efforts are directed through regional managers who oversee Sirona's sales professionals. These professionals work closely with Sirona's distribution partners to maximize the efficiency and productivity of their sales efforts. Sirona's marketing initiatives are focused on highlighting its leading role as a high tech systems provider and industry innovator. In order to promote Sirona's brand and increase client loyalty, Sirona's distribution partners are supported through wide ranging advertising activities. In addition, Sirona is a key presenter at all major dental exhibitions, which are critical forums for raising brand awareness and new product introductions. Lastly Sirona's product information is actively made available to business publications, dentists,



journals, professional organizations and dental schools and its Website ([www.sirona.com](http://www.sirona.com)) is an important interactive platform for end-users as well as for distributors.

*Competition*

Competition in the global dental market is fragmented, and we compete with a variety of companies, including large companies such as Eastman Kodak Company, Dentsply International Inc. and Danaher Corporation, and smaller companies that compete regionally or on a more narrow product line. Sirona competes on the basis of its broad and innovative product line and its global distribution.

*Research and Development*

Sirona commits significant resources to research and development, with a particular focus on developing products that offer new diagnostic and treatment options, while increasing user comfort and streamlining process efficiency. In recent years, Sirona has consistently spent more than 6% of its total revenue per year on research and development. In particular, Sirona spent approximately \$20 million in 2003, \$25 million in 2004 and \$30 million in 2005. Sirona employs 120 people in its research and development departments. Sirona also cooperates in its research efforts with partners in research facilities and dental practices around the world.

**Selected Historical Consolidated Financial Data of Sirona**

The MDP Transaction occurred on June 30, 2005. The MDP Transaction was accounted for in accordance with the EITF 88-16, in a manner similar to a business combination under SFAS 141. The interests of the Continuing Shareholders have been reflected at the predecessor basis, resulting in 9.15% of each asset and liability acquired being valued at historical cost at June 30, 2005. The remaining 90.85% interest in each asset and liability was recognized at fair value at June 30, 2005.

The EQT Transaction resulted in a change in control of the Sirona business and has, therefore, been accounted for in a manner similar to a business combination under SFAS 141. The carrying values of the assets and liabilities were adjusted to their fair value on February 16, 2004, and the difference between the purchase price and the fair value of the net assets and liabilities was recorded as goodwill.

For further information regarding the transactions, see Note 4 to Sirona's consolidated financial statements contained elsewhere in this proxy statement.

Sirona Beteiligungs- und Verwaltungsgesellschaft mbH is referred to as Predecessor 1 for the periods from October 1, 2002 to September 30, 2003 and from October 1, 2003 to February 16, 2004. Sirona Dental Systems Beteiligungs- und Verwaltungs GmbH is referred to as Predecessor 2 as of September 30, 2004 and for the periods from February 17, 2004 to September 30, 2004 and from October 1, 2004 to June 30, 2005 and the interim period from October 1, 2004 to December 31, 2004. Sirona Holding GmbH is referred to as Successor as of September 30, 2005 and for the period from July 1, 2005 to September 30, 2005 and the interim period from October 1, 2005 to December 31, 2005.

The historical consolidated financial data is derived from the consolidated financial statements and the unaudited consolidated interim financial statements of Sirona and its predecessors. In connection with the Exchange, Sirona has converted its financial statements from German GAAP to U.S. GAAP for financial reporting purposes.

The selected historical consolidated financial data of Sirona included below and elsewhere in this proxy statement are not necessarily indicative of future performance. This information should be read in conjunction with the sections entitled Selected Unaudited Pro Forma Condensed Consolidated Financial Data of Schick and Sirona and Management's Discussion and Analysis of Financial Condition and Results of Operations of Sirona under Proposal 1 and Sirona's consolidated financial statements.

	Successor	Predecessor 2	Successor	Predecessor 2	Predecessor 1		
			Fiscal Year 2005		Fiscal Year 2004		Fiscal Year 2003
	Three Months ended December 31, 2005 (unaudited)	Three Months ended December 31, 2004 (unaudited)	July 1, 2005 to September 30, 2005	October 1, 2004 to June 30, 2005	February 17, 2004 to September 30, 2004	October 1, 2003 to February 16, 2004	Year ended September 30, 2003
(U.S. \$ in thousands)							
<b>Statement of Operations Data:</b>							
Revenue	\$ 135,882	\$ 131,528	\$ 105,071	\$ 358,285	\$ 229,216	\$ 158,601	\$ 306,190
Cost of sales	69,664	72,458	71,614	199,463	152,938	76,947	165,073
Gross profit	66,218	59,070	33,457	158,822	76,278	81,654	141,117
Operating expenses (income):							
Selling, general and administrative expense	32,303	30,477	34,544	93,236	65,424	33,454	65,787
Research and development	6,947	7,131	7,863	21,700	16,594	8,575	19,832
Provision for doubtful accounts and notes receivables	(140)	(141)	(192)	(127)	(846)	368	(387)
Write off of in-process research and development			33,796		20,217		
Net other operating expense (income)	608	647	(5,367)	2,877	(428)	82	1,702
Operating income	26,500	20,956	(37,187)	41,136	(24,683)	39,175	54,183
Non-operating (expense) income, net	(19,149)	4,266	(14,650)	(24,516)	(21,423)	(5,425)	(14,277)
Income (loss) before income taxes and minority interest	7,351	25,222	(51,837)	16,620	(46,106)	33,750	39,906
Income tax provision (benefit)	3,200	6,956	(5,796)	5,444	(11,748)	13,181	15,330
Minority interest	(1)		(6)	50			
Net income (loss)	\$ 4,152	\$ 18,266	\$ (46,035)	\$ 11,126	\$ (34,358)	\$ 20,569	\$ 24,576

	Successor		Predecessor 2
	As of December 31, 2005 (unaudited)	As of September 30, 2005	As of September 30, 2004
(U.S. \$ in thousands)			
<b>Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 49,112	\$ 65,941	\$ 38,877
Working capital	76,480	98,646	41,776
Total assets	1,181,831	1,238,675	762,985
Long-term obligations	1,054,520	1,111,158	631,846
Total liabilities	1,151,499	1,211,941	745,709
Accumulated deficit	(44,009)	(48,161)	(34,358)
Shareholders' equity	30,289	26,692	17,276

	Successor	Predecessor 2	Successor		Predecessor 2		Predecessor 1
			Fiscal Year 2005		Fiscal Year 2004		Fiscal Year 2003
	Three Months ended December 31, 2005 (unaudited)	Three Months ended December 31, 2004 (unaudited)	July 1, 2005 to September 30, 2005	October 1, 2004 to June 30, 2005	February 17, 2004 to September 30, 2004	October 1, 2003 to February 16, 2004	Year ended September 30, 2003
(U.S. \$ in thousands)							

<b>Cash Flow Data:</b>							
Cash flows provided by (used in):							
Operating activities	\$ 20,930	\$ 22,803	\$ 137,403	\$ 54,806	\$ 37,456	\$ 28,258	\$ 63,285
Investing activities	(2,229)	(30,020)	(559,998)	(37,408)	(374,425)	(4,598)	(21,538)
Financing activities	(36,153)		448,847	(14,624)	310,633	(11,588)	(21,269)

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF SIRONA

The following discussion should be read in conjunction with Sirona's consolidated financial statements contained elsewhere in this proxy statement. This discussion contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in such forward-looking statements due to a number of factors, including those set forth in Results of Operations and elsewhere in this proxy statement. See Forward-Looking Statements and Sirona's consolidated financial statements and accompanying notes contained elsewhere in this proxy statement.

### Overview

Sirona is a leading manufacturer of high-tech dental equipment. Sirona focuses on developing innovative systems and solutions for dentists globally. Sirona has served equipment dealers and dentists worldwide for almost 125 years. Sirona's worldwide headquarters are located in Bensheim, Germany and its U.S. headquarters are located in Charlotte, North Carolina. Sirona manages its business on both a product and geographic basis and has four reporting segments: Dental CAD/CAM Systems, Imaging Systems, Treatment Centers and Instruments. Products from each category are marketed in all geographical sales regions.

### Significant Factors That Affected Sirona's Results of Operations

#### *Changes in Ownership of Sirona*

The EQT Transaction on February 16, 2004 resulted in a change in ownership of Sirona and was accounted for in a manner similar to a business combination under SFAS 141. The carrying values of the assets and liabilities were adjusted to their fair values as of February 16, 2004, and the difference between the purchase price and the fair value of the net assets and liabilities was recorded as goodwill. The enterprise value of the business was denominated in Euros and amounted to approximately 417 million (\$503 million), consisting of 284 million (\$344 million) cash paid at closing, 113 million (\$136 million) net debt assumed and a 20 million (\$24 million) holdback payment, subject to possible indemnification claims by EQT, which was paid within one year after closing.

The MDP Transaction on June 30, 2005 resulted in a change of ownership of Sirona and was accounted for in accordance with EITF 88-16 in a manner similar to a business combination under SFAS 141. The enterprise value of the business was denominated in Euros and amounted to approximately 756 million (\$915 million), consisting of 455 million (\$551 million) of cash paid at closing and 301 million (\$364 million) of net debt assumed.

The results of operations of Sirona have been materially affected by these changes in ownership. Sirona's legal, tax and financing structure has changed substantially since both changes in ownership were leveraged buy-out transactions. In both cases, Sirona's business was acquired by newly-formed entities, and in each transaction, Sirona increased its aggregate borrowings, and incurred substantial fees and expenses not related to Sirona's ongoing operations in connection with the transactions and the related changes in financing. The assets and liabilities acquired were stepped up to their fair values either wholly or partially, and a related deferred tax liability was recorded. The excess of the total purchase price over the value of the identified tangible and intangible assets, including IPR&D and the related deferred taxes at the respective closing dates, was allocated to goodwill and is subject to periodic impairment review.

Accordingly, Sirona's cost of goods sold, research and development, or R&D, and selling, general and administrative, or SG&A, expense and its operating results will be materially increased by depreciation and amortization that will be recorded in connection with the step-up to the fair value of Sirona's assets and liabilities, as a result of the MDP Transaction. Taxes, interest and net income have also been and will be substantially impacted by the structural changes resulting from the buy-out transactions.

In addition, Sirona's bank loan agreements include important financial covenants that require particular calculations on an ongoing basis. For a discussion of the calculations used for purposes of those covenants, see Liquidity and Capital Resources Long-term Debt.

*Increased Focus on Sirona's Position in the U.S. Dental Market*

From September 30, 2003 to September 30, 2005, Sirona experienced strong sales growth, with U.S. dollar revenue increasing on average by 37% annually. Several products that have been launched during that period have generated significant interest in the U.S. market, including, but not limited to, the CEREC, inlab, inEos, the ORTHOPHOS XG line, C8+ and electrical handpieces.

Sirona works together with large distributors in the U.S. market, including Patterson Dental and Henry Schein. The relationship with Henry Schein was expanded beyond the European markets to the United States in January 2005. Patterson Dental made a payment of \$100 million to Sirona in July 2005 in exchange for the exclusive distribution right for CEREC CAD/CAM products in the United States and Canada until 2017. The amount Sirona received was recorded as deferred revenue and will be recognized on a straight-line basis commencing at the beginning of the extension of the exclusivity period in fiscal 2008.

*Focus on Further Global Expansion*

In addition to increased U.S. market penetration, Sirona has pursued expansion in the rest of the world. Over the last three years, sales in the rest of the world grew on average by 18% annually. To support this growth, Sirona expanded its local presence and distribution channels by establishing new sales and service locations in Spain, France and the United Kingdom in 2004, and in Japan and Australia in 2005. This expansion resulted in increased sales, gross profit and SG&A expense.

*Fluctuations in U.S. Dollar/Euro Exchange Rate*

Although the U.S. dollar is Sirona's reporting currency, its functional currency varies depending on the country of operation. Approximately 64% of Sirona's revenue and approximately 85% of its expenses are in Euro. During the periods under review, the U.S. dollar/Euro exchange rate has fluctuated significantly, thereby impacting Sirona's financial results. Between September 30, 2003 and December 31, 2005, the U.S. dollar/Euro exchange rate used to calculate items included in Sirona's financial statements varied from a low of 1.1416 to a high of 1.3637. To manage this variability in its operating results, Sirona has entered into foreign exchange forward contracts. As of September 30, 2005, these contracts had notional amounts totaling \$53.9 million. Because these agreements are relatively short-term (generally 6 months), continued fluctuation in the U.S. dollar could materially affect Sirona's results of operations. A portion of Sirona's credit facility, Tranche A, is denominated in U.S. dollars. This loan is subject to revaluation into Euro, the functional currency of the applicable Sirona entity at each reporting date. Fluctuations in currency exchange rates are reflected within Sirona's statement of operations. These fluctuations may be significant in any period due to changes in the exchange rates between the Euro and the U.S. dollar.

*The Exchange*

On September 25, 2005, Sirona and Schick entered into the Exchange Agreement. Sirona will be deemed to be the acquiring company for accounting purposes because (1) Sirona's shareholders will hold the controlling interest in the combined company after the Exchange, (2) Sirona's designees to the combined company's board of directors will represent a majority of the combined company's board of directors and (3) Sirona's senior management will represent a majority of the senior management of the combined company.

Sirona will record the fair value of Schick's assets and liabilities as of the closing of the Exchange with the difference between the purchase price and the fair value of the net assets recorded as goodwill. This will affect Sirona's results of operations in future periods as Sirona's cost of goods sold, R&D and SG&A expenses and operating results will be materially impacted by increased depreciation and amortization expense resulting from the step-up to fair values of Schick's assets and liabilities. Deferred taxes will also be substantially impacted by the transaction. The Exchange is expected to generate operating synergies of \$5.0 to \$7.0 million within 12 to 24 months after the closing of the transaction.

*Fluctuations in Quarterly Operating Results*

Sirona's quarterly operating results have varied in the past and are likely to vary in the future. These variations result from a number of factors, many of which are substantially outside its control, including:

the timing of new product introductions by Sirona or its competitors;

developments in government reimbursement policies;

changes in product mix;

Sirona's ability to supply products to meet customer demand;

fluctuations in manufacturing costs; and

income tax incentives.

Due to the variations which Sirona has experienced in its quarterly operating results, it does not believe that period-to-period comparisons of results of operations of Sirona are necessarily meaningful or reliable as indicators of future performance.

**Results of Operations**

Because both the EQT Transaction and the MDP Transaction materially changed the carrying values of Sirona's assets and liabilities recorded in its consolidated balance sheet, the following naming convention has been used in this proxy statement and in this Management's Discussion and Analysis of Financial Condition and Results of Operations of Sirona to distinguish between periods for which the consolidated financial statements are not prepared on a comparable basis:

**Sirona Beteiligungs- und Verwaltungsgesellschaft mbH Predecessor 1**

October 1, 2002 – September 30, 2003 (Fiscal 2003)

October 1, 2003 – February 16, 2004 (Portion of Fiscal 2004)

**Sirona Dental Systems Beteiligungs- und Verwaltungs GmbH Predecessor 2**

February 17, 2004 – September 30, 2004 (Portion of Fiscal 2004)

October 1, 2004 – June 30, 2005 (Portion of Fiscal 2005)

**Sirona Holding GmbH Successor**

July 1, 2005 – September 30, 2005 (Portion of Fiscal 2005)

The results of operations presented for the year ended September 30, 2005 represent an aggregation of the results of operations for the Predecessor 2 period from October 1, 2004 to June 30, 2005 when Predecessor 2 was under the ownership of EQT, and the results of operations for the Successor period from July 1, 2005 to September 30, 2005, being the period following the MDP Transaction. The results have been aggregated to provide readers with 2005 data for a full year period and to provide a basis for comparing results of operations to prior periods. Results of operations for the Successor period include the effect of purchase accounting related to the MDP Transaction and, therefore, are not directly comparable to data for the prior periods.

The results of operations presented for the year ended September 30, 2004 represent an aggregation of the results of operations for the Predecessor 1 period from October 1, 2003 to February 16, 2004 when Sirona was under the ownership of Permira, and the results of operations for the Predecessor 2 period from February 17, 2004 to September 30, 2004, being the period following the EQT Transaction. The results have been aggregated to provide readers with 2004 data for a full year period. Results of operations for the Predecessor 2 period include the effect of purchase accounting related to the EQT Transaction and, therefore, are not directly comparable to data for the prior periods.

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The table below sets forth Sirona's results of operations for the fiscal periods presented:

	Three Months ended December 31, 2005 (unaudited)	Three Months ended December 31, 2004 (unaudited)	Year ended September 30, 2005 (aggregated) (unaudited)	Year ended September 30, 2004 (aggregated) (unaudited)	Year ended September 30, 2003
(U.S. \$ in thousands)					
Revenue	\$ 135,882	\$ 131,528	\$ 463,356	\$ 387,817	\$ 306,190
Cost of sales	69,664	72,458	271,077	229,885	165,073
Gross profit	66,218	59,070	192,279	157,932	141,117
Operating expenses (income):					
Selling, general and administrative expense	32,303	30,477	127,780	98,878	65,787
Research and development	6,947	7,131	29,563	25,169	19,832
Provision for doubtful accounts and notes receivable	(140)	(141)	(319)	(478)	(387)
Write-off of in process research and development			33,796	20,217	
Net other operating expense (income)	608	647	(2,490)	(346)	1,702
Operating income	26,500	20,956	3,949	14,492	54,183
Foreign currency transactions loss (gain)	5,257	(11,266)	4,323	7,018	3,772
(Gain) loss on derivative instruments	(25)	(1,014)	1,111	125	(968)
Interest expense, net	13,917	8,014	33,861	19,705	11,473
Other (income)			(129)		
Income (loss) before income taxes and minority interest	7,351	25,222	(35,217)	(12,356)	39,906
Income tax provision (benefit)	3,200	6,956	(352)	1,433	15,330
Minority interest	(1)		44		
Net income (loss)	\$ 4,152	\$ 18,266	\$ (34,909)	\$ (13,789)	\$ 24,576



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A reconciliation of the aggregate period results shown above to the consolidated statements of operations prepared in accordance with U.S. GAAP has been included in the table below:

	July 1, 2005 to September 30, 2005	October 1, 2004 to June 30, 2005	Year ended September 30, 2005 (aggregated) (unaudited)	February 17, 2004 to September 30, 2004	October 1, 2003 to February 16, 2004	Year ended September 30, 2004 (aggregated) (unaudited)
(U.S. \$ in thousands)						
Revenue	\$ 105,071	\$ 358,285	\$ 463,356	\$ 229,216	\$ 158,601	\$ 387,817
Cost of sales	71,614	199,463	271,077	152,938	76,947	229,885
Gross profit	33,457	158,822	192,279	76,278	81,654	157,932
Operating expenses (income):						
Selling, general and administrative expense	34,544	93,236	127,780	65,424	33,454	98,878
Research and development	7,863	21,700	29,563	16,594	8,575	25,169
Provision of doubtful accounts and notes receivables	(192)	(127)	(319)	(846)	368	(478)
Write-off in process research and development	33,796		33,796	20,217		20,217
Net other operating (income) expense	(5,367)	2,877	(2,490)	(428)	82	(346)
Operating (loss) income	(37,187)	41,136	3,949	(24,683)	39,175	14,492
Foreign currency transaction loss (gain)	3,574	749	4,323	5,527	1,491	7,018
(Gain) loss on derivative instruments	(11)	1,122	1,111	1,483	(1,358)	125
Interest expense, net	11,087	22,774	33,861	14,413	5,292	19,705
Other (income)		(129)	(129)			
(Loss) income before income taxes and minority interest	(51,837)	16,620	(35,217)	(46,106)	33,750	(12,356)
Income tax (benefit) provision	(5,796)	5,444	(352)	(11,748)	13,181	1,433
Minority interest	(6)	50	44			
Net (loss) income	\$ (46,035)	\$ 11,126	\$ (34,909)	\$ (34,358)	\$ 20,569	\$ (13,789)

The aggregation of the results of operations data for fiscal 2005 and fiscal 2004 is not in accordance with U.S. GAAP, and the periods presented are not comparable due to the change in basis of assets that resulted from the application of the purchase method of accounting in connection with the MDP Transaction and the EQT Transaction. Because Predecessor 1, Predecessor 2 and Successor are different reporting entities for accounting purposes, the aggregated information should be considered as supplemental information only.

**Three Months Ended December 31, 2005 Compared to Three Months Ended December 31, 2004**

*Revenue*

Sirona's revenue has traditionally been strongest in the first quarter of the fiscal year. Revenue for the three months ended December 31, 2005 was \$135.9 million, an increase of \$4.4 million or 3.3%, as compared with the three months ended December 31, 2004. On a constant currency basis, adjusting for the fluctuations in the US\$/Euro rate, total revenue increased 12%, with growth rates for the Imaging Systems segment of 32%, the Dental CAD/CAM Systems segment of 17% and the Instruments segment of 9%. On a constant currency basis, Treatment

Center segment revenue decreased by 8%, mainly due to a slow economy in Germany. Imaging Systems segment

revenue for the three months ended December 31, 2005 was higher than for the three months ended December 31, 2004 primarily due to sales of the new panoramic product line, ORTHOPHOS XG, which was introduced into the marketplace in fiscal year 2004.

Revenue for the three months ended December 31, 2005 in the United States increased 20%. Revenue outside the United States increased by 8% on a constant currency basis.

#### *Cost of Sales*

Cost of sales was \$69.7 million for the three months ended December 31, 2005, a decrease of \$2.8 million, or 3.9%, as compared with the three months ended December 31, 2004. Cost of sales included amortization and depreciation expense resulting from the step-up to fair values of inventories and tangible and intangible assets, which were \$12.0 million for the three months ended December 31, 2005, compared with \$11.0 million for the three months ended December 31, 2004. The quarter-over-quarter increase in amortization and depreciation expense resulted from the fair value adjustments related to the MDP Transaction. Excluding these amounts, cost of sales as a percentage of revenue decreased to 42.5% for the three months ended December 31, 2005 from 46.7% for the three months ended December 31, 2004, and gross profit as a percentage of revenue increased by 4.2% from 53.3% to 57.5%. This increase was mainly due to an increase in revenue from product groups with higher gross profit margins.

#### *Selling, General and Administrative*

For the three months ended December 31, 2005, SG&A expense was \$32.3 million, an increase of \$1.8 million, or 6.0%, as compared with the three months ended December 31, 2004. SG&A expense for the three months ended December 31, 2005 included amortization and depreciation expense resulting from the step-up to fair values of tangible and intangible assets in the amount of \$0.1 million compared with \$0.5 million for the three months ended December 31, 2004. Excluding these amounts, SG&A expense increased for the three months ended December 31, 2005 by \$2.2 million, or 7.5%, as compared with the three months ended December 31, 2004. As a percentage of revenue, SG&A expense increased slightly to 23.7% for the three months ended December 31, 2005 as compared with 22.8% for the three months ended December 31, 2004. The quarter-over-quarter increase in SG&A was primarily driven by the overall increase in revenue and by Sirona's expanded presence in various countries, including the United States, Japan and Australia.

#### *Research and Development*

R&D expense for the three months ended December 31, 2005 were \$6.9 million and therefore essentially unchanged from the three months ended December 31, 2004. R&D activity in both periods focused on new products or product enhancements in each segment.

#### *(Loss) Gain on Foreign Currency Transactions*

(Loss) gain on foreign currency transactions for the three months ended December 31, 2005 and December 31, 2004 amounted to a loss of \$5.3 million and a gain of \$11.3 million, respectively. Included therein are unrealized foreign currency losses of \$2.9 million and a gain of \$14.8 million on the U.S. dollar denominated portion of the bank debt for the three months ended December 31, 2005 and December 31, 2004, respectively. This foreign currency (loss) gain resulted from translation adjustments to the carrying value of Tranche A of Sirona's U.S. dollar denominated bank debt due to currency fluctuations which did not affect cash flow.

#### *Interest Expense*

Net interest expense for the three months ended December 31, 2005 was \$13.9 million, compared to \$8.0 million for the three months ended December 31, 2004. This increase was primarily due to higher average debt balances following the MDP Transaction.

#### *Provision for Income Taxes*

For the three months ended December 31, 2005 and 2004, Sirona realized income before income taxes and minority interest of \$7.4 million and \$25.2 million, respectively. The German tax rate for these three-month periods is 36.9%, which would result in an expense of \$2.7 million and \$9.3 million, respectively. The tax provision for income taxes was \$3.2 million and \$7.0 million, respectively. The tax provision for the three-month period ended December 31, 2005 was impacted by non-tax deductible portions of the interest expense for purposes of the local trade tax.

#### *Net Income*

Sirona's net income for the three months ended December 31, 2005 was \$4.2 million, a decrease of \$14.1 million, or 77.3%, as compared with the three months ended December 31, 2004. As described above, Sirona's net income was significantly impacted by the MDP Transaction and the EQT Transaction and the related financings. For the three-month-period ended December 31, 2005, amortization and depreciation expense resulting from step-up to fair values of intangible and tangible assets related to the MDP Transaction of \$7.6 million (net of a tax impact of \$4.5 million) and the unrealized loss on the Tranche A dollar denominated bank debt of \$1.8 million (net of a tax impact of \$1.1 million). Excluding these items in both periods, net income increased due to higher revenue and improved gross margins, partially offset by higher SG&A and interest expense.

#### **Aggregated Year Ended September 30, 2005 Compared to Aggregated Year Ended September 30, 2004**

##### *Revenue*

Revenue for the year ended September 30, 2005 was \$463.4 million, an increase of \$75.5 million, or 19.5%, as compared with the year ended September 30, 2004. On a constant currency basis, adjusting for the fluctuations in the US\$/Euro rate, total revenue increased 16%, which included growth rates for the Dental CAD/CAM Systems and the Imaging Systems segments of 36% and 22%, respectively; whereas revenue for the Treatment Centers and the Instruments segments remained essentially unchanged. The Dental CAD/CAM Systems segment continued to experience strong demand for its product line. The increase in Imaging Systems segment revenue was led by the strong demand for the new panoramic imaging line, ORTHOPHOS XG.

Revenue in the United States for the year ended September 30, 2005 increased by 41% from the prior period, due to strong demand for products in the Dental CAD/CAM Systems segment and the introduction of the new panoramic imaging line. Revenue growth in the rest of the world was 13%. On a constant currency basis, revenue in the rest of the world increased by 9%. The revenue growth in the rest of the world was particularly due to Sirona's expanded presence in Germany, the United Kingdom, Japan and South Korea. Sirona launched new sales and service operations in Japan in October 2004 and in Australia in May 2005.

##### *Cost of Sales*

Cost of sales for the year ended September 30, 2005 was \$271.1 million, an increase of \$41.2 million, or 17.9%, as compared with the year ended September 30, 2004. Cost of sales included amortization and depreciation expense resulting from the step-up to fair values of inventories and tangible and intangible assets, which were \$52.3 million for the year ended September 30, 2005, compared with \$33.4 million for the year ended September 30, 2004. The year-over-year increase in amortization and depreciation expense resulted from the fair value adjustments related to the MDP Transaction. Excluding these amounts, costs of sales as a percentage of revenue decreased to 47.2% for the year ended December 31, 2005 compared with 50.7% for the year ended September 30, 2004, and gross profit as a percentage of revenue increased by 3.5% from 49.3% to 52.8%. This increase in gross profit was primarily due to a change in regional and product mix, with a shift towards higher margin products in the Dental CAD/CAM Systems and the Imaging Systems segments, to economies of scale and to sourcing savings driven by increased volume and changes in suppliers.

##### *Selling, General and Administrative*

For the year ended September 30, 2005, SG&A expense was \$127.8 million, an increase of \$28.9 million, or 29.2%, as compared with the year ended September 30, 2004. SG&A expense included amortization and depreciation resulting from the step-up to fair values of tangible and intangible assets in the amount of \$1.7 million for the year ended September 30, 2005, compared with \$1.2 million for the year ended September 30, 2004. The year-over-year increase in amortization and depreciation expense resulted from the step-up to fair values of Sirona's net assets and liabilities related to the MDP Transaction. Excluding these amounts, SG&A expense increased for the year ended September 30, 2005 by \$28.4 million, or 29.0%, as compared with the year ended September 30, 2004. As a percentage of revenue, SG&A expense increased to 27.2% for the year ended September 30, 2005 as compared with 25.2% for the year ended September 30, 2004. The increase was primarily due to increased costs associated with the growth in revenue and with costs associated with Sirona's expanded presence in various markets in 2005, including the United States, Japan and Australia.

#### *Research and Development*

R&D expense for the year ended September 30, 2005 were \$29.6 million, an increase of \$4.4 million, or 17.5%, as compared with the year ended September 30, 2004. As a percentage of revenue, R&D remained relatively constant at 6.4% and 6.5% for the year ended September 30, 2005 and the year ended September 30, 2004, respectively. The increase in R&D reflected the large number of new products launched in the year ended September 30, 2005.

#### *Write-off of In-process Research and Development*

Write-off of IPR&D for the year ended September 30, 2005 was \$33.8 million, compared to \$20.2 million for the year ended September 30, 2004. The capitalization and related write-off were recorded as a result of the allocation of the acquisition purchase price of the EQT and the MDP Transactions. This was a one-time charge that will not have a continued impact on Sirona's future results.

#### *Loss on Foreign Currency Transactions*

The loss on foreign currency transactions for the year ended September 30, 2005 amounted to \$4.3 million compared to a loss of \$7.0 million for the year ended September 30, 2004. These losses included an unrealized foreign currency loss on U.S. dollar denominated bank debt of \$2.9 million and \$5.9 million for the years ended September 30, 2005 and 2004, respectively. This foreign currency unrealized loss resulted from translation adjustments to the carrying value of Sirona's Tranche A U.S. dollar denominated bank debt due to currency fluctuations. This unrealized loss did not affect Sirona's cash flow.

#### *Interest Expense*

Net interest expense for the year ended September 30, 2005 was \$33.9 million, compared to \$19.7 million for the year ended September 30, 2004. This increase was primarily due to higher average debt balances following the MDP Transaction.

#### *Benefit (Provision) for Income Taxes*

For the year ended September 30, 2005 and 2004, Sirona realized a loss before income taxes and minority interest of \$35.2 million and \$12.4 million, respectively. The German tax rate for these years was 36.9%, which would result in a benefit of \$13.0 million and \$4.6 million, respectively. The tax benefit for income taxes for the year ended September 30, 2005 was \$0.4 million and the tax provision for the year ended September 30, 2004 was \$1.4 million. The tax benefit for the year ended September 30, 2005 was primarily impacted by non-tax deductible expense related to the write off of IPR&D. The tax provision for the year ended September 30, 2004 was primarily impacted by non-tax deductible expense related to the write off of IPR&D and a portion of the interest expense for purposes of the local trade tax.

#### *Net Income (Loss)*

Sirona's net loss for the year ended September 30, 2005 was \$34.9 million, an increase of \$21.1 million, as compared with the year ended September 30, 2004. As described above, the MDP Transaction and the EQT Transaction and the related financings had a significant impact on Sirona's net income. For the year ended September 30, 2005, amortization and depreciation expense resulting from the step-up of fair values of intangible and tangible assets related to the MDP Transaction and the EQT Transaction of \$34.1 million (net of a tax impact of \$19.9 million), write-off of IPR&D of \$33.7 million (with no tax impact) and the unrealized loss on the Tranche A U.S. dollar denominated bank debt of \$1.8 million (net of a tax impact of \$1.1 million). Excluding these items in both periods, net income increased due to higher revenue and improved gross margins, partially offset by higher SG&A, R&D and interest expense.

### **Aggregated Year Ended September 30, 2004 Compared to Year Ended September 30, 2003**

#### *Revenue*

Revenue for the year ended September 30, 2004 was \$387.8 million, an increase of \$81.6 million, or 26.7%, as compared with the year ended September 30, 2003. On a constant currency basis, adjusting for the fluctuations in the U.S. dollar/Euro rate, total revenue increased by 16%, which included growth rates for the Dental CAD/CAM Systems and the Instruments segments of 27% and 27%, respectively. Revenue for the Treatment Centers and Imaging Systems segments increased by 9% and 7%, respectively. Dental CAD/CAM Systems revenue benefited from the 2003 launch of a third generation of the CEREC chairside system. The increase in Instruments segment sales was driven by new endodontic and sterilization products as well as by the launch of the handpiece line in the United States.

Revenue in the United States increased by 29.2% for the year ended September 30, 2004 from the year ended September 30, 2003, which was primarily due to growth in the Dental CAD/CAM Systems segment. Revenue growth in the rest of the world was 25.9%. On a constant currency basis, revenue in the rest of the world increased by 12% for the year ended September 30, 2005. This revenue growth was primarily driven by Sirona's expanded presence in Germany, France, Italy and South Korea. In the year ended September 30, 2004, Sirona launched new sales and service operations in France, the United Kingdom and Spain.

#### *Cost of Sales*

Cost of sales for the year ended September 30, 2004 was \$229.9 million, an increase of \$64.8 million, or 39.3%, as compared with the year ended September 30, 2003. Cost of sales included amortization and depreciation expense resulting from the step-up to fair values of inventories and tangible and intangible assets, which were \$33.4 million, compared with \$0 for the year ended September 30, 2003. The year-over-year increase in amortization and depreciation expense resulted from the fair value adjustments related to the EQT Transaction. Excluding these amounts, costs of sales as a percentage of revenue decreased to 50.7% for the year ended September 30, 2004 from 53.9% for the year ended September 30, 2003, and gross profit as a percentage of sales increased by 3.2% from 46.1% to 49.3% as compared with the prior year. This increase in gross profit was due to a change in regional and product mix, with a shift towards higher margin products in the Dental CAD/CAM Systems segment, to economies of scale and to sourcing savings driven by increased volume and changes in suppliers.

#### *Selling, General and Administrative*

For the year ended September 30, 2004, SG&A expense was \$98.9 million, an increase of \$33.1 million, or 50.3%, as compared with the year ended September 30, 2003. SG&A expense included amortization and depreciation expense resulting from the step-up to fair values of tangible and intangible assets, which were \$1.2 million compared with \$0 for the year ended September 30, 2003. The year-over-year increase in amortization and depreciation expense resulted from the fair value adjustments related to the EQT transaction. Excluding these amounts, SG&A expense increased for the year ended September 30, 2004 by \$31.9 million, or 48.5%, as compared with year ended September 30, 2003. As a percentage of revenue, SG&A expense increased to 25.2% as compared with 21.5% for the year ended September 30, 2003. The increase was driven by increased costs associated with the growth in revenue, as well as with costs associated with Sirona's expanded local presence in various markets, including the United States, Spain, France, United Kingdom, Italy and Denmark.

*Research and Development*

R&D expense for the year ended September 30, 2004 were \$25.2 million, an increase of \$5.3 million, or 26.9%, as compared with the year ended September 30, 2003. As a percentage of revenue, R&D expense remained constant at 6.5% for the years ended September 30, 2004 and 2003.

*Write-off of In-process Research and Development*

Write-off of IPR&D for the year ended September 30, 2004 was \$20.2 million as compared with \$0 for the year ended September 30, 2003. The capitalization and write-off were recorded in connection with the allocation of the acquisition purchase price for the EQT Transaction. This was a one-time charge that will not have a continued impact on Sirona's future results.

*Loss on Foreign Currency Transactions*

The loss on foreign currency transactions for the year ended September 30, 2004 amounted to \$7.0 million compared to a loss of \$3.8 million for the year ended September 30, 2003. The loss for the year ended September 30, 2004 included an unrealized foreign currency unrealized loss on U.S. dollar denominated bank debt of \$5.9 million. This foreign currency unrealized loss resulted from translation adjustments to the carrying value of Sirona's Tranche A U.S. dollar denominated bank debt due to currency fluctuations. In the year ended September 30, 2003, all bank debt was Euro denominated.

*Interest Expense*

Interest expense for the year ended September 30, 2004 was \$19.7 million, compared to \$11.5 million for the year ended September 30, 2003. This increase was primarily due to higher average debt balances following the EQT Transaction.

*Benefit (Provision) for Income Taxes*

For the year ended September 30, 2004 Sirona realized a loss before income taxes and minority interest of \$12.4 million compared to a gain before income taxes of \$39.9 million for the year ended September 30, 2003. The German tax rate for these years was 36.9%, which would result in a benefit of \$4.6 million and an expense of \$14.7 million, respectively. The tax provision for income taxes was \$1.4 million and \$15.3 million, respectively. The tax provision for the year ended September 30, 2004 was primarily impacted by non-tax deductible expense related to the write off of IPR&D and a portion of the interest expense for the local trade tax. The tax provision for the year ended September 30, 2003 was primarily impacted by the non-deductible portion of the interest expense for purposes of the local trade tax.

*Net Income (Loss)*

Sirona's net loss for the year ended September 30, 2004 was \$13.8 million, compared to net income of \$24.6 million for the year ended September 30, 2003. As described above, the EQT Transaction and the related financing had a significant impact on Sirona's net income. For the year ended September 30, 2004, amortization and depreciation expense resulting from the step-up to fair values of intangible and tangible assets related to the EQT Transaction of \$21.8 million (net of a tax impact of \$12.8 million), write-off of IPR&D of \$20.2 million (with no tax impact) and the unrealized loss on the Tranche A U.S. dollar denominated bank debt of \$3.7 million (net of a tax impact of \$2.2 million). Excluding these items in both periods, net income increased due to higher revenue and improved gross margins, partially offset by higher SG&A, R&D and interest expense.

**Liquidity and Capital Resources**

Historically, Sirona's principal uses of cash have been for interest payments, debt repayment and acquisitions. Operating capital expenditures are approximately equal to operating depreciation (excluding any effects from the increased amortization and depreciation expense resulting from the step-up to fair values of Sirona's

assets and liabilities required under purchase accounting). Sirona's management believes that Sirona's working capital is sufficient for its present requirements.

*Historical Cash Flows*

The following table sets forth the historical cash flows for each of the periods presented:

	Successor		Predecessor 2		Predecessor 1		
	July 1, 2005 to September 30, 2005	October 1, 2004 to June 30, 2005	Year ended September 30, 2005 (aggregated) (unaudited)	February 17, 2004 to September 30, 2004	October 1, 2003 to February 16, 2004	Year ended September 30, 2004 (aggregated) (unaudited)	Year ended September 30, 2003
(U.S. \$ in thousands)							
Net cash provided by operating activities	\$ 137,403	\$ 54,806	\$ 192,209	\$ 37,456	\$ 28,258	\$ 65,714	\$ 63,285
Net cash used in investing activities	(559,998)	(37,408)	(597,406)	(374,425)	(4,598)	(379,023)	(21,538)
Net cash provided by (used in) financing activities	448,847	(14,624)	434,223	310,633	(11,588)	299,045	(21,269)
Increase (decrease) in cash during the period	26,252	2,774	29,026	(26,336)	12,072	(14,264)	20,478
<i>Net Cash Provided by Operating Activities</i>							

Net cash provided by operating activities represents net cash from operations, returns on investments, interest and taxation.

Net cash provided by operating activities was \$192.2 million for the year ended September 30, 2005, compared to net cash provided by operating activities of \$65.7 million for the year ended September 30, 2004. The primary contributors to cash flow from operations in fiscal 2005 were (1) an improvement in net income (adjusted for non-cash items) of 18.3 million and (2) a one-time payment of \$100 million for an exclusivity agreement for Dental CAD/CAM systems with Sirona's distribution partner, Patterson Dental Inc., for sales in the United States and Canada.

Net cash provided by operating activities increased by \$2.4 million, or 3.8%, for the year ended September 30, 2004, compared with the year ended September 30, 2003.

*Net Cash Used in Investing Activities*

Net cash used in investing activities represents cash used for capital expenditures, financial investments, acquisitions and disposals.

Net cash used in investing activities was \$597.4 million for the year ended September 30, 2005, compared to \$379.0 million for the year ended September 30, 2004 and \$21.5 million for the year ended September 30, 2003. The primary contributors to the investing cash outflow in fiscal 2005 were (1) the MDP Transaction of \$556.3 million, (2) the deferred purchase price payment in December 2004 of \$25.7 million related to the EQT Transaction, and (3) capital expenditures of \$14.7 million. The primary contributors to the investing cash outflow in 2004 were (1) the EQT Transaction of \$359.5 million, (2) \$5.8 million for the acquisition of businesses and (3) \$13.3 million for capital expenditures. The primary contributors to the investing cash outflow in 2003 were (1) \$8.8 million for the acquisition of businesses and (2) \$12.5 million for capital expenditures. Sirona's capital expenditures related to property, plant and equipment and software developed for sale.



*Net Cash Provided by (Used In) Financing Activities*

Net cash provided by financing activities was \$434.2 million for the year ended September 30, 2005 compared to net cash provided by financing activities of \$299.0 million for the year ended September 20, 2004 and net cash used for financing activities of \$21.3 million in fiscal 2003. The cash provided by financing activities in fiscal 2005 reflected the refinancing of Sirona's debt to effect the MDP Transaction. This refinancing resulted in full repayment of Sirona's existing bank debt and shareholder loans and proceeds generated from new debt. As a result of the MDP Transaction, Sirona's debt substantially increased. The cash provided by financing activities in fiscal 2004 reflected the refinancing of Sirona's debt to effect the EQT Transaction. This refinancing resulted in full repayment of Sirona's existing bank debt and shareholder loans and proceeds generated from new debt. As a result of the EQT Transaction, Sirona's debt substantially increased. See below for a discussion of long-term debt for further details. The cash used in fiscal 2003 for financing activities reflected the scheduled payments on Sirona's then-existing bank loans.

Sirona believes that its operating cash flows and available cash (including restricted cash), together with its long-term debt borrowings, will be sufficient to fund its working capital needs and anticipated capital expenditure and debt service requirements. Sirona believes this will not be materially affected by the Exchange because Schick has no debt on its balance sheet and it generates significant cash to fund its working capital and anticipated capital expenditure needs.

**Long-term debt**

*Shareholder Loan*

On June 30, 2005, Sirona issued Luxco a note in the original principal amount of 151.0 million (\$182.0 million) to evidence the Shareholder Loan, as part of the funding of the MDP Transaction. The loan has an interest rate of 7.5% per annum. The interest and principal are required to be repaid on June 30, 2015. Interest of 5.3 million (\$6.3 million) had been accreted at December 31, 2005. Schick will acquire the Shareholder Loan in the Exchange. The Shareholder Loan will become intercompany indebtedness of Sirona owed to Schick that will be eliminated on the consolidated balance sheet of the combined company.

At September 30, 2004, the shareholder loan from EQT had a principal amount of 38.6 million (\$47.8 million). The loan had an interest rate of 7% per annum, and interest was accrued until the end of the loan term, January 14, 2006. As of September 30, 2004, interest of 2.1 million (\$2.6 million) had accrued. This loan was repaid as part of the MDP Transaction.

*Bank Loans*

Sirona's bank loans comprised senior ranking loans in an amount of 485.0 million (\$583.9 million) as of December 31, 2005, divided into four tranches. Sirona repaid 65.0 million (\$78.8 million) of the mezzanine loan tranche in fiscal year 2005. In addition, as of December 31, 2005, Sirona had an overdraft facility of 40.0 million (\$48.0 million) and an acquisition facility of 50.0 million (\$60.2 million). As of December 31, 2005, none of the acquisition facility had been drawn down. As of December 31, 2004, funds available under the overdraft facility were 30.0 million (\$37.0 million).

Tranche A, of which 135 million (\$162.7 million) was outstanding at December 31, 2005, is a U.S. dollar denominated loan and repayable in semi-annual installments through June 30, 2012. The repayments will be calculated as a percentage of the loan amount. The first repayment is due in September 2006. Tranche A has an interest rate of LIBOR plus a margin of 1.5% to 2.25% per annum. The margin is calculated based on the ratio of Sirona's consolidated total net debt to Adjusted EBITDA for the previous reporting period, as determined under German GAAP, starting in fiscal year 2007. Interest is payable on a monthly, quarterly or semi-annual basis. Two step down swaps have been established for 70% of the interest for the next three years. The associated interest rates range from 1.75% to 4.71% over the period of the swap and settlement is required on a quarterly basis.

Tranche B is repayable in a single payment of 125.0 million (\$150.6 million) on June 30, 2013. Tranche B has an interest rate of EURIBOR plus a margin of 2.25% to 2.75% per annum. The margin is calculated based on the ratio of Sirona's consolidated total net debt to Adjusted EBITDA for the previous reporting period, as determined under German GAAP, starting in fiscal year 2007. Interest is paid on a monthly, quarterly or semi annual basis. Two cap/floor collars have been established for 51% of the interest for the next three years. The floor interest rates are 1.595% and 1.85%, and the cap interest rates are 5% and 4.10%. Settlements of the contracts are required on a quarterly basis.

Tranche C is repayable in a single payment of 125.0 million (\$150.6 million) on June 30, 2014. Tranche C has an interest rate of EURIBOR plus a margin of 3.25% per annum. Interest is paid on a monthly, quarterly or semi annual basis. Two cap/floor collars have been established for 51% of the interest for the next three years. The floor interest rates are 1.595% and 1.85% and the cap interest rates are 5% and 4.10%. Settlements of the contracts are required on a quarterly basis.

The margins of tranches A, B and the acquisition facility are fixed for one year and thereafter will be calculated on a ratio of net debt to EBITDA for the previous reporting period, derived from Sirona's consolidated financial statements prepared in accordance with German GAAP.

The mezzanine loan tranche is repayable in a single payment of 100.0 million (\$120.4 million) on June 30, 2015. The mezzanine loan tranche has an interest rate of EURIBOR plus a margin of 9.5% per annum. The 9.5% margin is divided into two components; 4.5% per annum is payable on an on-going basis, and the remaining 5% per annum will accrete until the end of the loan term. Two cap/floor collars have been established for 51% of the EURIBOR portion of the interest for the next three years. The floor interest rates are 1.68% and 1.85% and the cap interest rates are 5% and 4.02%. Settlements of the contracts are required on a quarterly basis.

All of the bank loan agreements stipulate early repayment of certain amounts under certain conditions. In particular, up to 50% of excess cash flow, as defined in the loan agreements, must be applied to repayment within one month after the issuance of Sirona's audited consolidated financial statements prepared in accordance with German GAAP, starting in fiscal year 2007, depending upon the level of Adjusted EBITDA.

Sirona has agreed to certain debt covenants in relation to the bank loans. The bank loan agreements contain customary events of default and customary covenants, including restrictions on the ability of Sirona to effect acquisitions and payments to shareholders, such as dividends. The covenants also stipulate that the company, defined as Sirona Holding GmbH and its subsidiaries, must maintain certain ratios in respect of cash flows, interest payments and defined earnings measures and also place a limit on capital expenditures. Sirona's ability to meet those covenants will depend on its results of operations, which may be affected by factors outside of its control. See Risk Factors Risk Related to the Business of the Combined Company Sirona's substantial indebtedness could have material adverse consequences for its business, cash flow, financial condition and results of operations. If Sirona breaches any of the covenants, Sirona will default under the terms of the loan agreement, and the bank loans can be accelerated and become due on demand.

Certain covenants contained in the bank loan agreements require Sirona to maintain increasing ratios of Adjusted EBITDA to consolidated net finance charges and decreasing ratios of consolidated total net debt to Adjusted EBITDA. Sirona believes the most restrictive of those covenants are the requirements to maintain at December 31, 2005 both a ratio of Adjusted EBITDA to consolidated net finance charges of at least 1.80:1.00 for the senior debt and 1.64:1.00 for the mezzanine (rising gradually to 3.50:1.00 and 3.18:1.00, respectively) and a ratio of consolidated total net debt to Adjusted EBITDA of no more than 7.95:1.00 for the senior debt and 8.75:1.00 for the mezzanine debt (declining gradually to 3.00:1.00 and 3.30:1.00, respectively). Sirona must also maintain a ratio of cash flow to debt of at least 1.00:1.00. Additional covenants (1) limit Sirona's ability to effect business acquisitions and (2) may require loan prepayments from cash flow (as defined in the loan agreements), in either case depending upon the level of Adjusted EBITDA. These covenants could limit Sirona's long-term growth prospects by hindering its ability to incur future indebtedness or grow through acquisitions. Failure to comply with these covenants would result in a default under the terms of the loan agreements and result in the acceleration of Sirona's indebtedness. As of December 31, 2005, the ratio of adjusted EBITDA to consolidated net finance charges was 93.9 million: 27.6 million, or 3.40:1.00,

and the ratio of consolidated total net debt to Adjusted EBITDA was 421.8 million: 93.9 million, or 4.49:1.00.

The bank loans are secured by the pledge of the participations in certain of Sirona's subsidiaries. In addition, all receivables, bank accounts, tangible assets, inventories, patents, trademarks and other property rights of Sirona Dental Systems GmbH and Sirona Dental Services GmbH, Sirona's subsidiaries, are also pledged as security for the bank loans. It is not currently anticipated that Schick will become a party to the loan agreements, but the loan covenants will restrict the ability of Sirona and Schick to make intercompany transfers or to enter into transactions that are not on an arms-lengths basis. These covenants will, for instance, restrict the ability of Sirona to make dividend payments to Schick to enable it to pay dividends to its stockholders, to make capital expenditures or to fund future growth. These covenants, although not applicable to Schick, may therefore restrict the ability of Schick to operate and grow the combined business following the Exchange.

### **Quantitative and Qualitative Disclosures About Market Risk**

Sirona's primary market risk exposure is interest rate risk associated with short and long-term bank loans bearing variable interest rates. To manage this interest rate risk exposure, Sirona enters into interest rate swap and collar agreements. Sirona is also exposed to foreign currency risk, which can adversely affect our sales and operating profits. To manage this risk, Sirona enters into forward exchange contracts.

The following discussion should be read in conjunction with Notes 2 and 11 to Sirona's audited consolidated financial statements contained elsewhere in this proxy statement, which provide further information on Sirona's derivative instruments.

#### *Interest Rate Sensitivity*

To reduce the exposure associated with Sirona's variable rate debt, Sirona has entered into interest rate swap and collar agreements that limit the variable rate for portions of the bank loans. See "Long-Term Debt" for further details.

As of September 30, 2005, the interest rate swaps and collars had notional amounts of \$331.0 million and a fair value of \$2.3 million. The variable benchmark interest rates associated with these instruments ranged from 1.595% to 5%. A hypothetical, instantaneous increase of one percentage point in the interest rates applicable to the variable interest rate debt would have increased the interest expense for the year ended September 30, 2005 by approximately \$3.5 million.

#### *Exchange Rate Sensitivity*

The Euro is the functional currency for the majority of Sirona's subsidiaries, including its German operations, which are the primary sales and manufacturing operations of Sirona. Sales from other Sirona operations are denominated in various foreign currencies. Sales in Euro, U.S. dollar and other currencies represented 64%, 31% and 5%, respectively, of total sales for fiscal 2005. In order to hedge portions of the transactional exposure to fluctuations in exchange rates between the U.S. dollar and the Euro, based on forecasted and firmly committed foreign currency denominated cash flows, Sirona enters into forward foreign currency contracts. These forward foreign currency contracts are intended to protect Sirona against the short-term effects of changes in the exchange rates, Sirona does not apply hedge accounting to these forward foreign currency contracts.

The table below provides information as of September 30, 2005, about receivables and derivative financial instruments by functional currency and presents such information in U.S. dollars, which is Sirona's reporting currency. The table summarizes information on instruments and transactions that are sensitive to foreign currency exchange rates. The estimated fair value of receivables is considered to approximate their carrying value because receivables have a short maturity. For foreign currency forward exchange agreements, the table presents the notional amounts and weighted average exchange rates by expected (contractual) maturity dates. These notional amounts generally are used to calculate the contractual payments to be exchanged under the contract.

As of September 30, 2005	Expected Maturity Date						Total	Fair Value
	2006	2007	2008	2009	2010	Beyond 2010		
(U.S. \$ in thousands, except exchange rate information)								
<i>Receivables:</i>								
U.S. Dollar	\$ 5,937	\$	\$	\$	\$	\$	\$ 5,937	\$ 5,937
Japanese Yen	\$ 2,771	\$	\$	\$	\$	\$	\$ 2,771	\$ 2,771
Australian Dollar	\$ 2,366	\$	\$	\$	\$	\$	\$ 2,366	\$ 2,366
Danish Krone	\$ 623	\$	\$	\$	\$	\$	\$ 623	\$ 623
Chinese Yuan Renminbi	\$ 142	\$	\$	\$	\$	\$	\$ 142	\$ 142
UK Sterling	\$ 18	\$	\$	\$	\$	\$	\$ 18	\$ 18

*Forward Exchange**Contracts:*

U.S. dollar notional amount	\$ 53,881	\$	\$	\$	\$	\$	\$ 53,881	\$ (1,399)
Average contract exchange rate	\$ 1.2545	\$	\$	\$	\$	\$	\$	\$

**Contractual Obligations and Commercial Commitments**

The following table summarizes contractual obligations and commercial commitments as of September 30, 2005:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
(U.S. \$ in thousands)					
Long-term debt	\$ 586,725	\$ 10,103	\$ 39,732	\$ 50,568	\$ 486,322
Shareholder loan	184,712				184,712
Operating lease obligations	29,576	2,026	3,505	2,792	21,253
Pension	16,368	716	2,221	3,323	10,108
Purchase commitments	15,665	15,665			
Total	\$ 833,046	\$ 28,510	\$ 45,458	\$ 56,683	\$ 702,395

**Off-Balance Sheet Arrangements**

Customers can finance their purchases of Sirona products from their respective dealer through financial institutions. Prior to March 2003, Sirona would offer to guarantee up to 10% of the total liability due to the financial institution from the customer in the event the customer defaulted on their payments. However, the contracts negotiated with the dealers, who sold the products to the third-party customers, granted Sirona a right of recourse against the dealer, in such event. Sirona ceased issuing these guarantees after March 2003. The arrangements were generally provided for a five-year period and therefore the related guarantees issued by Sirona are expected to expire by 2008.

At September 30, 2005 and 2004, the maximum potential amount of future undiscounted payments that could be required to be made was \$5.8 million and \$6.2 million, respectively. However, these amounts may be recovered from dealers pursuant to the recourse arrangements described above. No asset or liability has been recorded in Sirona's consolidated financial statements as of September 30, 2005 or 2004.

In July 2005, Sirona entered into a sale and leaseback agreement regarding unused land on the site of Sirona's headquarters in Bensheim, Germany. The land was sold for \$1.1 million to an unrelated property development company, who will construct a new office building based on Sirona's specifications on the site. Sirona will lease the building from the property development company through an 18-year lease. Under the terms of the lease, rent is approximately \$1.4 million per annum until 2013. After 2013, rent is subject to adjustment according to an inflation index. Rent payments will commence once the building is ready for occupancy, which is currently



anticipated to be in December 2006. The land remains an asset on Sirona's balance sheet and the building lease will be accounted for as an operating lease.

Sirona has no other off-balance sheet financing arrangements.

### **Related Party Transactions**

Sirona currently is party to service agreements with two related parties as described below. Terms for these service agreements may differ from those that could be obtained with unrelated third parties. Additionally, Sirona occasionally enters into other related party transactions.

Sirona, MDP IV Offshore GP and Harry M. Jansen Kraemer, who is a member of the Sirona Advisory Committee, a body which advises the executive board of Sirona, and a shareholder, are parties to a service agreement in connection with the MDP transaction. This agreement provided for a one-time payment of 10.0 million (\$12.0 million) made by Sirona in July 2005 from Sirona to the other two parties in return for advice, support for negotiating the purchase agreement, preparation of financial models and projections and due diligence services for Sirona related to the MDP Transaction, which was paid during the three-month period ended September 30, 2005.

Sirona and Luxco have entered into an advisory service agreement that terminates on October 1, 2008. Under the agreement effective October 1, 2005, Sirona will pay an annual fee to Luxco of 325,000 (\$391,000) and Luxco will provide to Sirona certain advisory services regarding the structure, terms and conditions of debt offerings by Sirona, financing sources and options, business development and other services.

BERAG, an actuarial firm, is a related party of Sirona. The Managing Director of BERAG, Dr. Blum, is also a member of the Supervisory Board of Sirona Dental Systems GmbH. Sirona recorded expenses for payments to BERAG for advisory services in connection with pension arrangements as follows: from July 1, 2005 to September 30, 2005, \$21,000; October 1, 2004 to June 30, 2005, \$67,000; from February 17, 2004 to September 30, 2004, \$12,000; from October 1, 2004 to February 16, 2004, \$9,000; for year ended September 30, 2003, \$31,000. Amounts owed to BERAG as of September 30, 2005 and September 30, 2004, were \$69,000 and \$38,000, respectively.

Sirona has been party to several other related party transactions in the past, including payment for transaction related services to EQT and handling fees paid to Sirona Dental Systems SARL, Luxembourg. However, due to various transactions described within this proxy statement, the parties involved in these previous related party transactions are no longer related parties and such transactions will have no impact on Sirona's future financial condition.

### **Critical Accounting Policies**

The preparation of financial statements in conformity with U.S. GAAP requires Sirona to make estimates and assumptions that affect amounts reported in its consolidated financial statements and accompanying notes. These estimates and assumptions are evaluated on an ongoing basis based on historical developments, market conditions, industry trends and other information Sirona believes to be reasonable under the circumstances. There can be no assurance that actual results will conform to Sirona's estimates and assumptions, and that reported results of operations will not be materially adversely affected by the need to make accounting adjustments to reflect changes in its estimates and assumptions from time to time. The following accounting policies are those that Sirona believes to be the most sensitive to its estimates and assumptions.

#### *Pensions and 401(k) Plan*

Sirona has both defined benefit and defined contribution pension plans, as well as an early retirement plan.

Sirona accounts for its defined benefit pension plans using Statement of Financial Accounting Standard No. 87, Employer's Accounting for Pensions (SFAS 87) and the disclosure requirements under Statement of Financial

Accounting Standards No.132, Employer's Disclosure about Pensions and Other Post-Retirement Benefits (Revised) ( SFAS 132 ), an amendment of FASB Statements No. 87, 88 and 106. Under SFAS 87, pension expense is recognized on an accrual basis over the employee's approximate service periods. SFAS 87 requires the use of an actuarial method for determining defined benefit pension costs and provides for the deferral of actuarial gains and losses (in excess of a specified corridor) that result from changes in assumptions or actual experience differing from that assumed. SFAS 87 also provides for the prospective amortization of costs relating to changes in the benefit plan, as well as the obligation resulting from the transition. In applying purchase accounting, a pension liability was recognized for the projected benefit obligation in excess of plan assets.

The key assumption used in the actuarial calculations for the defined benefit pension plans is the selection of the appropriate discount rate. The discount rate has been selected by reference to market interest rates. Fluctuations in market interest rates could impact the amount of pension expense recorded for these plans. The discount rate assumption changed from 5.75% at June 30, 2005 to 4.25% at September 30, 2005 thereby affecting the amount of pension expense recorded during each period.

Plan assets consist of contributions made by Sirona to a pension support fund of an insurance company, the custodian, which in turn invests these contributions. The insurance company guarantees the employees the investments will generate a minimum return of 2.75% to 3.25%. The plan assets are invested in equity securities (33.7%), fixed income securities (51.7%) and other assets (14.6%).

Deferred losses were significant at the end of the Predecessor 2 period at June 30, 2005. However, as part of the fair value adjustments due to purchase accounting for the MDP Transaction, these deferred losses no longer remain at September 30, 2005 and will not impact future periods. There were no significant deferred gains or losses for any other periods.

Contributions made to the defined contribution pension plans and the 401(k) savings plan for U.S. employees are accrued based on the contributions required by the plan.

Sirona also has an early retirement plan, Altersteilzeit ( ATZ ) which allows certain German employees who have been accepted into the plan to retire at 60 rather than at the legal retirement age of 65. Eligible employees are those who have attained the age of 55 or who will attain the age of 55 by calendar year 2009 and have been accepted to participate in the ATZ plan. The ATZ plan can cover a period between the ages of 58 to 63 of the participating employees and is split into an active service period, where the employees work full time for Sirona, and an inactive service period, where the employees do not work for the company. During the active service period, the employees receive 50% of their salary and the remaining 50% of their salary, plus a bonus payment equal to 35% of their salary is paid during the inactive service period. Sirona recognizes the salary component of the ATZ plan over the period from the beginning of the ATZ period to the end of the active service period. Sirona recognizes the bonus component over the period from the point at which the employee signs the ATZ contract until the end of the active service period.

#### *Income taxes*

Sirona recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. Sirona regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance, as necessary, based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and the implementation of tax-planning strategies. If Sirona is unable to generate sufficient future taxable income in certain tax jurisdictions, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, it could be required to increase its valuation allowance against its deferred tax assets resulting in an increase in its effective tax rate and an adverse impact on operating results. As of September 30, 2005, Sirona had not recorded any valuation allowances against its deferred tax assets.

#### *Impairment of Long Lived and Finite Lived Assets*

Sirona assesses all its long lived assets for impairment whenever events or circumstances indicate their carrying value may not be recoverable. Sirona's management assesses whether there has been an impairment by comparing anticipated undiscounted future cash flows from operating activities with the carrying value of the asset. The factors considered by Sirona's management in this assessment include operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors. If an impairment is deemed to exist, management records an impairment charge equal to the excess of the carrying value over the fair value of the impaired assets. This could result in a material charge to earnings.

#### *Impairment of Indefinite Lived Assests*

Sirona tests goodwill for impairment on an annual basis by comparing the fair value of its reporting units to their carrying values. Key assumptions in determining fair value are the assessment of future cash flows and the appropriate discount rate. Additionally, goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of an entity below its carrying value. These events or circumstances would include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors. If the carrying amount of a reporting unit exceeds its fair value, goodwill impairment loss is measured as the excess of the carrying amount of goodwill over its implied fair value. The implied fair value requires a fair value exercise similar to a business combination where the individual assets and liabilities are valued at fair value with the difference between the fair value of the reporting unit being the implied fair value of goodwill.

Sirona evaluates trademarks, which are considered indefinite-lived intangible assets, for impairment at least annually or whenever events or circumstances indicate their carrying value might be impaired. In performing this assessment, Sirona's management considers operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors. The carrying value of trademarks is considered impaired when their carrying value exceeds their fair market value. In such an event, an impairment loss is recognized equal to the amount of that excess. Key assumptions in determining fair value include using the projected cash flows discounted at a rate commensurate with the risk involved.

#### *Purchase Accounting*

Sirona has recorded a change in basis of the assets and liabilities acquired in the MDP Transaction and EQT Transaction. These transactions required the assets and liabilities to be recorded either at partial fair value or fair value as described in Note 4 to Sirona's consolidated financial statements contained elsewhere in this proxy statement. In determining the fair value of assets and liabilities, Sirona is required to make certain key assumptions that could materially impact the value of the assets or liabilities recorded.

In valuing the intangible assets, the key assumptions include the valuation method selected, the cash flow projections, the risk based discount rate, the replacement costs and/or the applicable royalty rates. Sirona used its historical experience, budgets and similar assumptions used in the medical devices industry in formulating these assumptions.

In valuing property, plant and equipment, the fair values were derived from posted values for comparable assets and replacement values.

Fair value of liabilities was determined to be equivalent to the predecessors' carrying value except for pension obligations, which were valued at the project benefit obligation measured in accordance with Statement of Financial Accounting Standard No. 87, Employer's Accounting for Pensions.

#### **Recent Accounting Pronouncements**

In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151, Inventory Costs – an amendment of ARB No. 43 ( SFAS 151 ). SFAS 151 requires idle facility expenses, freight, handling costs and wasted material (spoilage) costs to be recognized as current period charges. It also requires that the allocation of fixed production overhead to the costs of conversion be based on the normal capacity of production



facilities. SFAS 151 will be effective for such costs incurred during the fiscal years beginning after June 15, 2005. Sirona is in the process of evaluating the impact of this standard on its consolidated financial statements.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (Revised 2004), Share Based Payment ( SFAS 123R ), which replaces Statement of Financial Accounting Standard No. 123, Accounting for Stock Based Compensation ( SFAS 123 ), and supersedes APB Opinion 25, Accounting for Stock Issued to Employees. SFAS 123R requires all share based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values beginning with the first annual period beginning after June 15, 2005. The pro forma disclosures previously permitted under SFAS 123 will no longer be an alternative to financial statement recognition. Under SFAS 123R, Sirona must determine the appropriate fair value model to be used at the date of adoption. The transition methods include prospective and retroactive adoption options. Under the retroactive option, prior periods may be restated either as of the beginning of the year of adoption, or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested awards at the beginning of the first quarter of adoption of SFAS 123R, while the retroactive method would record compensation expense for all unvested awards beginning in the first period restated. During 2005, the FASB issued FSP FAS 123(R)-1, FSP FAS 123(R)-2 and FSP FAS 123 (R)-3, which provide additional considerations for companies transitioning to FAS 123(R) and practical application guidance. Sirona does not anticipate the adoption of SFAS 123R to have a material impact on its consolidated financial position, results of operations or cash flows. However, in consideration of the closing of the transaction described in Note 3 to Sirona's consolidated financial statements contained elsewhere in this proxy statement, the adoption of SFAS 123R may have a material impact on Sirona.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153 ( SFAS 153 ), Exchanges of Non-Monetary Assets an Amendment of APB Opinion No. 29, which amends APB No. 29 Accounting for Non-monetary Transactions, ( APB 29 ), by eliminating the exception to the fair value principle for exchanges of similar productive assets. SFAS 153 also eliminates the APB 29 concept of culmination of an earnings process. The amendment requires that an exchange of non-monetary assets be accounted for at fair value if the exchange has commercial substance and fair value is determinable within reasonable limits. SFAS 153 is effective for non-monetary transactions occurring in fiscal periods beginning after June 15, 2005. The impact of SFAS 153 will depend on the nature and extent of any exchanges of non-monetary assets after the effective date, but Sirona does not currently expect SFAS 153 to have a material impact on its consolidated financial position, results of operations or cash flows.

In March 2005, the FASB issued Financial Interpretation No. 47 ( FIN 47 ), Accounting for Conditional Asset Retirement Obligations, which clarifies that the term conditional asset retirement obligation, as used in SFAS 143, refers to a legal obligation to perform asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. This interpretation is effective no later than the end of the first fiscal year ending after December 15, 2005. Sirona is in the process of assessing the impact of adopting FIN 47 on its consolidated financial position, results of operations or cash flows.

In June 2005, EITF 05-05, Accounting for Early Retirement or Post-employment Programs with Specific Features (Such As Terms Specified in Altersteilzeit Early Retirement Arrangements), was issued. The guidance distinguishes between two types of ATZ arrangements. Type I is when the participant works 50% of the normal full-time schedule for each year of the entire ATZ period and receives 50% of his/her salary each year. Type II is when the participant works full-time for half the ATZ period (the active period ) and then does not work for the remaining half (the inactive period ), and receives 50% of his or her salary each year during the entire ATZ period. With respect to Type II arrangements, EITF 05-05 makes the following observations: (1) the salary component, the Erfüllungsrückstand, should be recognized over the period from the point at which the ATZ period begins until the end of the active service period. The portion of salary that is deferred (i.e., to be paid out during the inactive service period) should be discounted if payment is expected to be deferred for a period longer than one year, (2)The bonus feature and additional contributions into the German government pension scheme, the Aufstockungsbetrag, should be accounted for as a post-employment benefit under FAS 112, Employers Accounting for Post-employment Benefits, an amendment of Statement of Financial Accounting Standard No. 5 and 43. An entity should recognize

the additional compensation over the period from the point at which the employee signs the ATZ contract until the end of the active service period, (3)The employer should recognize the government subsidy when it meets the necessary criteria and is entitled to the subsidy. EITF 05-05 is effective for fiscal years beginning after December 15, 2005. Sirona currently accounts for the ATZ plan in this way therefore the pronouncement will not impact Sirona's consolidated financial position, results of operations or cashflows.

In June 2005, the FASB issued Statement of Financial Accounting Standards No. 154, Accounting Changes and Error Corrections ( SFAS 154 ). SFAS 154 requires entities that voluntarily adopt a change in accounting principle to apply that change retrospectively to prior periods financial statements, unless it would be impracticable to do so. SFAS 154 supersedes APB No. 20, Accounting Changes, which previously required most voluntary changes in accounting principle to be recognized by including in the current period's net income the cumulative effect of changing to the new accounting principle. SFAS 154 also makes a distinction between retrospective application of an accounting principle and the restatement of financial statements to reflect the correction of an error. Further, under SFAS 154, if an entity changes its method of depreciation, amortization or depletion for long-lived, non-financial assets, the change must be accounted for as a change in accounting estimate. Under APB No. 20, such a change would have been reported as a change in accounting principle. SFAS 154 applies to accounting changes and error corrections that are made in fiscal years beginning after December 15, 2005. Sirona does not anticipate adoption of this standard to have a material effect on its consolidated financial position, results of operations or cash flows.

## Executive Compensation of Sirona

The following sets forth certain information concerning compensation arrangements for Sirona's Chief Executive Officer, Chief Financial Officer and Executive Vice President of Human Resources and Services.

In April 2002, Sirona entered into an indefinite employment agreement with Jost C. Fischer. Under the terms of this agreement, Mr. Fischer is employed as Sirona's Chief Executive Officer and President. Mr. Fischer's current annual base salary is 378,000 (\$447,703, at an exchange rate of 1.1844 as of December 31, 2005). In addition to his base salary, Mr. Fischer is eligible to receive a yearly bonus based on Sirona's year-over-year EVA (earned value added) growth, as defined in the agreement. A portion of the bonus is paid within 60 days of Sirona's fiscal year end and the remainder is deferred. In the fiscal year ended September 30, 2005, the bonus earned equaled 394,850 (\$478,835, at an exchange rate of 1.2127 as of September 30, 2005) and the bonus paid equaled 416,050 (\$504,545, at an exchange rate of 1.2127 as of September 30, 2005). The employment agreement may be terminated by Sirona or Mr. Fischer upon one year's notice. If Mr. Fischer's employment agreement were to be terminated as of January 31, 2006, he would be entitled to a deferred bonus in the amount of approximately 326,025 (\$386,144, at an exchange rate of 1.1844 as of December 31, 2005).

In July 1999, Sirona entered into an indefinite employment agreement with Simone Blank. Under the terms of this agreement, Mrs. Blank is employed as Sirona's executive vice president and chief financial officer. Ms. Blank's current annual base salary is 240,000 (\$284,256, at an exchange rate of 1.1844 as of December 31, 2005). In addition to her base salary, Ms. Blank is eligible to receive a yearly bonus based on Sirona's year-over-year EVA (earned value added) growth, as defined in the agreement. A portion of the bonus is paid within 60 days of Sirona's fiscal year end and the remainder is deferred. In the fiscal year that ended September 30, 2005, the bonus earned equaled 233,500 (\$283,165, at an exchange rate of 1.2127 as of September 30, 2005) and the bonus paid equaled 246,000 (\$298,324, at an exchange rate of 1.2127 as of September 30, 2005). The employment agreement may be terminated by Sirona or Ms. Blank upon two year's notice. If Ms. Blank's employment agreement were to be terminated as of January 31, 2006, she would be entitled to a deferred bonus in the amount of approximately 206,400 (\$244,460, at an exchange rate of 1.1844).

In May 1998, Sirona entered into an indefinite employment agreement with Theodor Haar. Under the terms of this agreement, Mr. Haar is employed as Sirona's executive vice president human resources and services. Mr. Haar's current annual base salary is 210,000 (\$248,724, at an exchange rate of 1.1844 as of December 31, 2005). In addition to his base salary, Mr. Haar is eligible to receive a yearly bonus based on Sirona's year-over-year EVA (earned value added) growth, as defined in the agreement. A portion of the bonus is paid within 60 days of Sirona's fiscal year end and the remainder is deferred. In the fiscal year that ended September 30, 2005 the bonus earned equaled to 163,000 (\$198,762) and the bonus paid equaled 180,400 (\$218,771, at an exchange rate of 1.2127 as of September 30, 2005). The employment agreement may be terminated by Sirona or Mr. Haar upon two year's notice. If Mr. Haar's employment agreement were to be terminated as of January 31, 2006, he would be entitled to a deferred bonus in the amount of approximately 148,350 (\$175,706, at an exchange rate of 1.1844 as of December 31, 2005).

In addition to the above, each of the executive officers is entitled to receive certain benefits, which benefits do not exceed \$50,000 per year for any person.

Directors of Sirona who also serve as officers or employees of Sirona are not separately compensated for any services they provide as directors.

### Luxco Capital Structure and Ownership

Luxco, a société en commandite par actions (limited partnership by shares) organized under the laws of the Grand Duchy of Luxembourg, has 2,154,255 Preferred Equity Certificates ( PECs ) issued and outstanding. As of December 31, 2005, the aggregate liquidation value of the PECs was 223.9 million. The PECs accrue and accumulate a yield at a rate of 8% per annum, compounded annually. Upon any liquidation of Luxco, holders of PECs are entitled to receive their liquidation value, before any payments may be made to holders of Ordinary Shares of Luxco.

Luxco's subscribed capital includes Class A Ordinary Shares, Class B Ordinary Shares and Class C Ordinary Shares. Shareholders will be entitled to receive distributions, when, as, and if approved and declared by Luxco out of funds legally available therefor in the following manner and priority:

first, the holders of PECs are entitled to receive their aggregate liquidation value;

second, the holders of Class A Ordinary Shares are entitled to receive all distributions on a pro rata basis until such time as Madison Dearborn Partners has received total distributions equal to the sum of (i) the amount it paid to acquire its securities in Luxco and (ii) the accumulated yield on its PECs;

third, the holders of Class A and Class B Ordinary Shares are entitled to receive all distributions on a pro rata basis until such time as Madison Dearborn Partners has total received distributions equal to the sum of (1) two times the amount it paid to acquire its securities in Luxco and (2) the accumulated yield on its PECs; and

fourth, the holders of Class A Ordinary Shares, Class B Ordinary Shares and Class C Ordinary Shares are entitled to receive all remaining distributions on a pro rata basis.

The following table sets forth, for Madison Dearborn Partners and for each of the executive officers of Sirona who is expected to become an executive officer of Schick following the Exchange, such person's equity ownership of Luxco on a fully diluted basis (including such person's ownership of all Class A Ordinary Shares, Class B Ordinary Shares, Class C Ordinary Shares and other Luxco securities convertible into the foregoing) and the liquidation value of PECs held by such person, in each case as of December 31, 2005:

Name	Fully Diluted Equity Ownership of Luxco	Liquidation Value of PECs ( in thousands)
Madison Dearborn Partners	68.0%	182,481
Jost Fischer <sup>(1)</sup>	10.3%	9,245
Simone Blank	6.9%	6,163
Theo Haar <sup>(1)</sup>	1.6%	1,463
Beecken Petty O Keefe & Company	6.0%	16,153
Harry M. Jansen Kramer, Jr.	0.5%	597
David Beecken	0.3%	702
All Luxco Directors and Sirona Management <sup>(2)</sup>	25.8%	24,752

(1) Includes shares held by affiliated entities and persons.

(2) Excludes beneficial ownership of Madison Dearborn Capital Partners IV and Beecken Petty O Keefe & Company.

## DESCRIPTION OF SCHICK S COMMON STOCK

*The following is a summary of the terms of our capital stock. This summary is qualified in its entirety by the provisions of our Amended and Restated Certificate of Incorporation and By-laws and by the applicable provisions of Delaware law.*

### Common Stock

Our Amended and Restated Certificate of Incorporation currently authorizes the issuance of 50,000,000 shares of common stock, par value \$0.01 per share. As of \_\_\_\_\_, 2006, there were \_\_\_\_\_ shares of our common stock outstanding. The holders of common stock are entitled to receive dividends when and as declared by our board of directors out of funds legally available therefore.

The holders of common stock are entitled to one vote for each share on all matters voted on by stockholders, including the election of directors. The holders of common stock do not have any conversion, redemption or preemptive rights. In the event of our dissolution, liquidation or winding up, holders of common stock are entitled to share ratably in any assets remaining after the satisfaction in full of the prior rights of creditors, including holders of our indebtedness, and the aggregate liquidation preference of any preferred stock then outstanding.

All outstanding shares of common stock are, and the shares offered hereby, upon issuance, will be, fully paid and non-assessable.

### Preferred Stock

Our Amended and Restated Certificate of Incorporation authorizes the issuance of 2,500,000 shares of preferred stock, par value \$0.01 per share. As of \_\_\_\_\_, 2006, none of our preferred stock was outstanding.

### Anti-Takeover Effects of Certain Provisions of Delaware Law and Our Amended and Restated Certificate of Incorporation and Bylaws

Certain provisions of our Amended and Restated Certificate of Incorporation and Bylaws may be considered as having an anti-takeover effect. Such provisions empower our Board of Directors to fix the rights and preferences of and to issue shares of preferred stock. In addition, our Amended and Restated Certificate Incorporation contains provisions relating to a classified board. The removal of directors also requires the approval of 75% of the voting power of all shares of our capital stock, and there are limitations on the ability of our stockholders to call special meetings. Any amendment of those provisions of our Amended and Restated Certificate Incorporation requires the approval of 75% of the voting power of all shares of our capital stock.

We are also subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

prior to that date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by persons who are directors and also officers and by excluding employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

on or subsequent to that date, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines an interested stockholder as an entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or

controlled by any of these entities or persons. Section 203 will not apply to the Exchange because it has been approved by our Board.

**Transfer Agent**

The transfer agent for the common stock is American Stock Transfer & Trust Company, 40 Wall Street, New York, New York 10005.

## UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma consolidated financial information below is presented to illustrate the estimated effects of (i) the MDP Transaction and (ii) the Exchange on the financial condition and results of operations of Sirona Holding GmbH and subsidiaries. The unaudited pro forma consolidated balance sheet gives effect to the Exchange and the MDP Transaction as if they had occurred on December 31, 2005. The unaudited pro forma consolidated statements of operations give effect to the Exchange as if it had occurred on October 1, 2004.

### MDP Transaction

On June 30, 2005, 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 (formerly Blitz 05-118 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).

Results of operations for the Sirona businesses subsequent to that date have been included in the successor period in the consolidated statements of operations and cash flows.

The purchase price, comprising cash paid and direct acquisition costs, was 464,590, consisting of 454,990 paid in cash and 9,600 of direct acquisition costs. The purchase price was denominated in Euro and translated to US Dollars at the exchange rate prevailing on the date of the transaction of 1.2051. The purchase price denominated in US dollars is \$559,877.

The transaction was accounted for in accordance with Emerging Issues Task Force Issue 88-16, Basis in Leveraged Buyout Transactions (EITF 88-16), in a manner similar to a business combination under FASB Statement No. 141, Business Combinations (SFAS 141). Certain members of Sirona management who were deemed to be in the control group held equity interests in Sirona Group prior to and subsequent to the MDP Transaction (Continuing Shareholders). The interests of the Continuing Shareholders have been reflected at the predecessor basis, resulting in 9.15% of each asset and liability acquired being valued at historical cost at June 30, 2005. The remaining 90.85% interest in each asset and liability was recognized at fair value at June 30, 2005.

The application of the preceding guidance to the book and fair values of the acquired assets results in a difference between the purchase price in the acquisition (464,590) and the recorded value of the acquired assets. This difference has been recorded as a reduction to the shareholders' equity of Sirona.

The purchase price has been allocated to the assets acquired and liabilities assumed as of June 30, 2005 and the difference between the purchase price allocation and the fair value of the net assets was recorded as goodwill. However, due to the continuing ownership by management, the assets and liabilities are carried over from the Predecessor 2 balance sheet upon closing to the extent that management had an ownership interest in Sirona Dental Systems Beteiligungs- und Verwaltungs GmbH. A contra-equity account named Excess of purchase price over predecessor basis has been recorded in the successor period to reflect the predecessor basis of management that acquired an interest in Sirona Holding GmbH.

### The Exchange

On September 25, 2005, Luxco and Sirona entered into an Exchange Agreement (the Exchange Agreement) with Schick providing for the issuance of 36,972,480 shares of Schick common stock to Luxco in exchange for Luxco's entire economic interest in Sirona, which consists of all of the outstanding share capital of Sirona and the existing indebtedness of Sirona owed to Luxco in the principal amount of 150,992 (\$181,960) plus accrued interest (the Exchange). Schick shareholders will also receive a \$2.50 per share cash dividend. Sirona is deemed to be the acquiring company for accounting purposes because Luxco, Sirona's shareholder, will have a controlling ownership interest in the combined company, Sirona's designees to the combined company's board of directors will represent a majority of the combined company's board of directors and Sirona's senior management.

will represent a majority of the senior management of the combined company. If consummated, Sirona would be the accounting acquirer and consummation of the Exchange would be accounted for as a reverse acquisition of Schick by Sirona under the purchase method of accounting for business combinations in accordance with accounting principles generally accepted in the United States. The Exchange Agreement is subject to approval by the stockholders of Schick at a special meeting.

As of the date of this proxy statement, Sirona has not completed all of the detailed valuation studies necessary to determine the final fair market value of the Schick assets to be acquired and the Schick liabilities to be assumed. In addition, Sirona will continue to assess Schick's accounting policies for any adjustments that may be required to conform Schick's accounting policies to those of Sirona. As of the date of this filing, no material conforming accounting adjustments have been noted. However, as indicated in Note 2 to the unaudited pro forma consolidated financial statements, Sirona has made certain adjustments to the historical book values of the assets and liabilities of Schick to reflect certain preliminary estimates of the fair values necessary to prepare the unaudited pro forma consolidated financial statements. The excess of the purchase price over the historical net assets of Schick, including definite and indefinite-lived intangibles, as adjusted to reflect estimated fair values, will be allocated to goodwill. Actual results may differ from these unaudited pro forma consolidated financial statements once Sirona has completed the valuation studies necessary to finalize the required purchase price allocation along with the identification of any additional changes to be made to conform Schick with Sirona's accounting policies. There can be no assurance that such finalization will not result in material changes.

The pro forma adjustments are based upon available information and assumptions that are factually supportable, including the assumption that the Exchange will be consummated. The unaudited pro forma consolidated financial statements are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Sirona would have been had the transactions occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

The unaudited pro forma consolidated financial statements do not include the realization of cost savings from operating efficiencies or, revenue synergies expected to result from the Exchange. The pro forma consolidated statements do not include estimates reflecting any effects the Exchange may have on the tax base of the assets and liabilities of Sirona or the effects of elections Sirona may choose to make if available to the Company, e.g. the impact of filing consolidated tax returns.

The unaudited pro forma consolidated financial statements are based on the audited consolidated financial statements and the unaudited condensed consolidated interim financial statements of Sirona Holding GmbH and subsidiaries and its predecessor, and the audited consolidated financial statements and the unaudited condensed consolidated interim financial statements of Schick and its subsidiaries, each included elsewhere in this proxy statement, as adjusted to illustrate the estimated pro forma effects of the transactions.

Schick's fiscal year ends on March 31. For purposes of presenting the unaudited pro forma consolidated statements of operations for the year ended September 30, 2005, the information included for Schick has been prepared assuming a September 30, 2005 fiscal year end to conform to Sirona's fiscal year end. Certain reclassifications have been made to conform Schick's historical reported balances to Sirona's financial statement basis of presentation.

The unaudited pro forma consolidated financial statements should be read in conjunction with the separate historical consolidated financial statements and accompanying notes, selected historical and pro forma financial data of Sirona and Schick and Sirona's Management's Discussion and Analysis that are included elsewhere in this proxy statement.



**Exchange**  
**As of December 31, 2005**  
**(U.S. \$ in thousands)**

	<u><i>Sirona</i></u>	<u><i>Schick</i></u>	<u><i>Pro Forma Adjustments</i></u>	<u><i>Footnote</i></u>	<u><i>Pro Forma Consolidated</i></u>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 49,112	\$ 13,902	\$ (940)	(1)	\$ 49,978
			6,345	(10)	