

## DENTSPLY INTERNATIONAL INC.

MEETING DATE	Mon, 11 Jan 2016 13:00 pm	TYPE	EGM	ISSUE DATE	Mon, 28 Dec 2015
MEETING LOCATION	221 W. Philadelphia St., York, Pennsylvania 17401				
CURRENT INDICES	S&P500				
SECTOR	Dental equipment and supplies				

### COMPANY OVERVIEW

Dentsply International Inc. was created in 1899 as a manufacturer and distributor of artificial teeth, dental equipment and dental consumable products. Today, the Company continues to primarily focus on dental consumable products, dental laboratory products and dental speciality products. It is a global designer, developer, manufacturer and marketer of a broad range of products for the dental market. The Company's worldwide headquarters and executive offices are located in York, Pennsylvania. The Company conducts its business in over 120 foreign countries, principally through its foreign subsidiaries.

### PROPOSALS

### ADVICE

- |  |                       |
|--|-----------------------|
| <p><b>1 Approve the issuance of shares to Sirona Dental Systems, Inc. pursuant to the merger</b></p> <p>The Company has put forward a resolution requesting shareholders to approve the issuance of shares of Company common stock to Sirona Dental Systems, Inc. shareholders as contemplated by the Plan of Merger, dated as of September 15, 2015. At the effective time of the merger, Dawkins Merger Sub Inc. (Merger Sub), a wholly owned subsidiary of the Company, will merge with and into Sirona which will survive the merger as a wholly owned subsidiary of the Company. The Company and Sirona will operate as a combined company under the name Dentsply Sirona Inc. Under the terms of the merger, Sirona shareholders will have the right to receive 1.8142 shares of Company common stock for each share of Sirona common stock that is issued and outstanding immediately prior to the merger. Voting recommendations on corporate actions, such as merger decisions, are based on the information presented and on the view of the overall independence of the Board. It is considered that the Company has provided sufficient information regarding the transaction and the reasons for the proposed Merger. However, it is noted that, over the time that the merger agreement was approved and until the present time, two out of ten directors were considered to be independent. This level of independence is not considered to be sufficient and does not provide assurance that the transaction received the appropriate level of objective scrutiny. Triodos abstain on this resolution.</p> | <p><b>Abstain</b></p> |
| <p><b>2 Adopt new Articles of Association</b></p> <p>The Company has put forward a resolution requesting shareholders adopt the Company's second amended and restated certificate of incorporation in connection with the merger to: change the Company's name to 'DENTSPLY SIRONA Inc.'; increase the number of authorized shares of Company common stock to 400 million; and provide that, until the third anniversary of the effective date of the merger, the Board may amend the sections relating to (1) Mr. Wise's service as Executive Chairman of the Board and Mr. Slovin's service as CEO, (2) the replacement, removal or alteration of responsibilities of the Lead Independent Director and (3) certain other governance matters concerning the combined company only by an affirmative vote of the greater of at least 70% of the entire board and eight directors of the combined company. This proposal is ancillary to proposal 1 for issuance of shares in connection with the merger, and is needed in order for the merger to be consummated. However, the adoption of the amended and restated certificate of incorporation is a condition to completion of the merger and as a result Triodos abstain this resolution.</p>  | <p><b>Abstain</b></p> |
| <p><b>3 Advisory vote on executive compensation</b></p> <p>The Board requests shareholders to approve specific compensatory arrangements between the Company and its Named Executive Officers (NEOs) relating to the merger.</p>   | <p><b>Oppose</b></p>  |

#### **4 Approve new Long Term Incentive Plan**

**Oppose**

The Company has put forward a resolution requesting shareholders to approve the DENTSPLY SIRONA Inc. 2016 Omnibus Incentive Plan. Under the Plan, the maximum number of shares of common stock of the combined company available for issuance is 25,000,000, plus the number of shares subject to Rollover Awards and the number of shares subject to awards under existing Company equity incentive plans. The Plan permits the Company to award options, SARs, restricted shares, restricted share units, share bonuses, other share-based awards, cash awards and Rollover Awards. The Plan is open to all employees and will be administered by the board of the combined company, or a committee which will have the authority to: select the participants; determine the awards granted; determine the number of shares covered by each award; and prescribe or amend Plan rules. Under the Plan, no individual may be granted awards covering more than 1,000,000 common shares in the aggregate during any calendar year and no individual will be granted cash awards payable in the aggregate in excess of \$10,000,000 during any calendar year. The Plan provides that where outstanding awards are assumed or substituted for in connection with a change in control, awards will vest only upon a qualifying termination of employment within twenty-four months of a change in control.

It is noted that as performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that the Committee will have considerable flexibility in the payout of discretionary awards, and as a result awards may not be subject to robust enough performance targets, and be insufficiently challenging. In addition, the bonus limit of \$10,000,000 is considered to be excessive. Triodos oppose this resolution.

#### **5 Adjourn the Company's special meeting to solicit additional proxies**

**Oppose**

The Board proposes to adjourn the special meeting, if necessary, to permit further solicitation of proxies. Opposition is recommended as it is considered that if a sufficient number of votes are cast at the meeting for a quorum to be present, the outcome should be considered representative of shareholder opinion. Triodos oppose this resolution.

---

## **SUPPORTING INFORMATION FOR RESOLUTIONS**

### **Proposal 1 - Approve the issuance of shares to Sirona Dental Systems, Inc. pursuant to the merger**

In considering the merger Dentsply believes that the combined company will be able to benefit customers and patients through enhanced R&D capabilities, create the world's largest manufacturer of professional dental products and technologies, capitalize on key industry trends, including the accelerating adoption of digital technologies, the consolidation of dental practices, increased focus on dentist productivity and efficiency to serve a wider and larger set of patients, and that at the time the DENTSPLY board of directors approved the merger, the transaction was estimated to achieve \$125 million or more in annual pre-tax synergies by the third year following completion of the merger.

## BOARD AND COMMITTEE COMPOSITION (post-Meeting)

DIRECTORS NAME	GENDER	PIRC	COMPANY	BOARD	AC	RC	NC	TENURE
Michael C. Alfano	M	No	Yes	NED	-	Y	-	14
Eric K. Brandt	M	No	Yes	NED	-	Y	-	11
Willie A. Deese	M	Yes	Yes	NED	Y	-	-	4
William F. Hecht	M	No	Yes	SID	-	-	Y*	14
Francis J. Lunger	M	No	Yes	NED	Y*	-	-	10
Bret W. Wise	M	No	No	Ch & CEO	-	-	-	9
Paula H. Cholmondeley	F	No	Yes	NED	-	-	Y	14
Michael J. Coleman	M	No	Yes	NED	-	Y*	-	22
John C. Miles II	M	No	Yes	NED	-	-	-	26
John L. Miclot	M	Yes	Yes	NED	Y	-	-	5
Number of Meetings				-	-	-	-	
Number of NED only Meetings				-				

## BOARD OF DIRECTORS (post-Meeting)

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. AC = Audit Committee, RC = Remuneration Committee, NC = Nomination Committee, C = Corporate Responsibility or Ethics Committee, \* = Committee Chairman.

MICHAEL C. ALFANO		NON-EXECUTIVE DIRECTOR	
<b>AGE</b>	67	<b>TENURE</b>	14 Years
<b>OTHER POSITION</b>	Academy for Academic Leadership [Senior Consultant]; American Journal of Dentistry [Editorial Board member]; Delta Dental of New York [Dir]; Friends of the National Institute for Dental and Craniofacial Research [Founding Dir]; New York University [EVP Emeritus, Professor, Senior Presidential Fellow]; Santa Fe Group [Dir]; ex-Block Drug Company [Dir]; ex-Consumer Healthcare Product Association [Consultant]; ex-NYU College of Dentistry [Professor, ex-Dean]; ex-Non-Prescription Drugs Advisory Committee [Industry Representative]; ex-University of Pennsylvania [Board of Overseers at School of Dental Medicine]		
<b>INDEPENDENT BY PIRC COMMENT</b>	N	<b>INDEPENDENT BY COMPANY</b>	Y
	Not considered independent as he has served on the board for over nine years.		
ERIC K. BRANDT		NON-EXECUTIVE DIRECTOR	
<b>AGE</b>	52	<b>TENURE</b>	11 Years
<b>OTHER POSITION</b>	Broadcom Corporation [EVP, CFO]; LAM Research Corp [Dir]; ex-Allergan, Inc [Corporate VP, CFO]; ex-Avanir Pharmaceuticals [Pres and CEO]; ex-Boston Consulting Group [VP, Partner]; ex-Consumer Eye Care [Pres]; ex-Vertex Pharmaceuticals, Inc. [NED]		
<b>INDEPENDENT BY PIRC COMMENT</b>	N	<b>INDEPENDENT BY COMPANY</b>	Y
	Not considered independent as he has been on the Board for more than nine years.		
WILLIE A. DEESE		NON-EXECUTIVE DIRECTOR	
<b>AGE</b>	59	<b>TENURE</b>	4 Years
<b>OTHER POSITION</b>	Merck & Co., Inc., [EVP, Div-Pres]; ex-GlaxoSmithKline [SVP- Global Procurement and Logistics]; ex-Kaiser Permanente [VP- Purchasing]		
<b>INDEPENDENT BY PIRC COMMENT</b>	Y	<b>INDEPENDENT BY COMPANY</b>	Y
	Class II Director.		

<b>WILLIAM F. HECHT</b>		<b>SENIOR INDEPENDENT DIRECTOR</b>			
<b>AGE</b>	72	<b>TENURE</b>	14 Years	<b>COMMITTEES</b>	N*
<b>OTHER POSITION</b>	Lehigh University [Trustee]; Lehigh Valley Health Network [Ch- Trustee]; ex-Federal Reserve Bank of Philadelphia [Ch]; ex-PPL Corporation [Ch and CEO]; ex-RenaissanceRe Holdings Ltd. [NED]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		Y	
<b>COMMENT</b>	Lead Director. Not considered independent as he has served on the board for over nine years.				
<b>FRANCIS J. LUNGER</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	68	<b>TENURE</b>	10 Years	<b>COMMITTEES</b>	A*
<b>OTHER POSITION</b>	Sera Care Life Sciences Inc. [Ch]; ex-Linden LLC [Operating Partner]; ex-Millipore Corporation [Ch, Pres, CEO]; ex-NDS Surgical Imaging [NED]; ex-Nashua Corporation [Exec]; ex-Oak Industries, Inc. [Exec]; ex-Raychem Corporation [Exec]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		Y	
<b>COMMENT</b>	Not considered to be independent as he has been on the board for more than nine years				
<b>BRET W. WISE</b>		<b>CHAIRMAN &amp; CHIEF EXECUTIVE</b>			
<b>AGE</b>	54	<b>TENURE</b>	9 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	Dental Lifeline Network [Dir]; National Foundation of Dentistry for the Handicapped [Dir]; PALL Corporation [Dir]; ex-Ferro Corporation [SVP, CFO]; ex-IMS Health [Dir]; ex-KPMG [Partner]; ex-WCI Steel, Inc. [VP, CFO]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Class II director. Chairman and Chief Executive Officer. Combined roles at the top of the Company.				
<b>PAULA H. CHOLMONDELEY</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	67	<b>TENURE</b>	14 Years	<b>COMMITTEES</b>	N
<b>OTHER POSITION</b>	NACD Board Leadership [Fellow]; Nationwide Mutual Fund [Trustee]; Terex Corporation [NED]; ex-Albany International [NED]; ex-Blue Cross of Greater Philadelphia [CFO]; ex-Minerals Technologies, Inc. [NED]; ex-Owens Corning [Exec]; ex-Private consultant on Strategic Planning; ex-Sappi Fine Paper [VP]; ex-U.S. State Department [White House Fellow, Special Assistant to US Trade Representative in Far East]; ex-Ultralife Batteries [NED]; ex-Westinghouse Elevator Company [Exec]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		Y	
<b>COMMENT</b>	Class III director. Not considered to be independent as he has served on the board for over nine years.				
<b>MICHAEL J. COLEMAN</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	71	<b>TENURE</b>	22 Years	<b>COMMITTEES</b>	R*
<b>OTHER POSITION</b>	CS&W Associates Media Management [Partner]; Cool Media Company [Ch]; Freedom Forum Diversity Institute [NED]; Prime Bank of Melbourne [NED]; Ron Jon Surf Shops Worldwide [NED]; ex-CS&W Associates Media Management [Partner]; ex-Cape Publications [Ch]; ex-FLORIDA TODAY [Publisher]; ex-Gannett Co. Inc. South Newspaper Group [Pres]; ex-Gendex [Dir]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		Y	
<b>COMMENT</b>	Class III director. Not considered independent by PIRC as he was a director of Gendex from 1993 until the merger with Dentsply and has since been a director of the company for an aggregate term of over nine years.				

<b>JOHN C. MILES II</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	73	<b>TENURE</b>	26 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	ex-Dentsply International Inc. [CEO, VCh, Ch, Pres, COO]; ex-Inamed Corporation [NED]; ex-Old Dentsply [Pres, COO]; ex-Respironics Inc [NED]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		Y	
<b>COMMENT</b>	Class III director. Not considered to be independent as he is the previous Chairman and Chief Executive Officer of the company. Mr. Miles served as Chairman of the Board from May 1998 until May 2005, and CEO from 1996 to 2004.				

<b>JOHN L. MICLOT</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	55	<b>TENURE</b>	5 Years	<b>COMMITTEES</b>	A
<b>OTHER POSITION</b>	Breath Technologies [Ch]; Burger King Cancer Caring Center [Dir]; Central Catholic High School [Dir]; Pittsburgh Zoo & PPG Aquarium [Dir]; Tengion Inc. [CEO]; University of Iowa Tippie College Adviser Board [Dir]; Wright Medical [NED]; ex-CCS Medical, Inc [CEO and Pres]; ex-Healthdyne Technologies, Inc. [SVP]; ex-Respironics, Inc [CEO and Pres]; ex-Warburg Pincus [Executive in Residence]; ex-ev3 Inc [NED]				
<b>INDEPENDENT BY PIRC</b>	Y	<b>INDEPENDENT BY COMPANY</b>		Y	
<b>COMMENT</b>	Class III director.				

## BOARD COMPOSITION

### BOARD COMPOSITION FOLLOWING THE EGM

	<b>CURRENT YEAR</b>		<b>S&amp;P500 MEAN</b>	
	Number	% of Board	Number	% of Board
Executive Director	1	10.0	1.3	12.2
Independent NED's	2	20.0	5.0	45.9
Connected NED's	7	70.0	4.5	41.6
Other	0	0.0	0	0

### BOARD COMMITTEES FOLLOWING THE EGM

	<b>CURRENT YEAR</b>			<b>S&amp;P500 MEAN</b>	
	Number of Members	% Independent by PIRC	% Independent by Company	Number of Members	% Independent by PIRC
Whole Board	10	20.0	90.0	10.8	46.0
Audit	3	66.67	100.0	4.3	56.9
Remuneration	3	0.0	100.0	4.0	49.4
Nomination	2	0.0	100.0	4.2	45.4

**For Private Circulation only**

©Copyright 2015 PIRC Ltd

Researcher: Irene Tsopanoglou  
Email: [pircresearch@pirc.co.uk](mailto:pircresearch@pirc.co.uk)

Information is believed to be correct but cannot be guaranteed. Opinions and recommendations constitute our judgement as of this date and are subject to change without notice. The document is not intended as an offer, solicitation or advice to buy or sell securities. Clients of Pensions & Investment Research Consultants Ltd may have a position or engage in transaction in any of the securities mentioned.



Pensions & Investment Research Consultants Limited  
8th Floor, Suite 8.02, Exchange Tower  
2 Harbour Exchange Square  
E14 9GE

Tel: 020 7247 2323  
Fax: 020 7247 2457  
<http://www.pirc.co.uk>

**Regulated by the Financial Conduct Authority**