

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006
Commission File Number 0-16211

DENTSPLY International Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization) 39-1434669 (I.R.S. Employer Identification No.)
221 West Philadelphia Street, York, PA (Address of principal executive offices) 17405-0872 (Zip Code)

Registrant's telephone number, including area code: (717) 845-7511

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
None	Not applicable

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value \$.005 per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of the voting common stock held by non-affiliates of the registrant computed by reference to the closing price as of the last business day of the registrants most recently completed second quarter June 30, 2006, was \$4,399,084,789.

The number of shares of the registrant's Common Stock outstanding as of the close of business on February 20, 2007 was 152,129,408.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the definitive Proxy Statement of DENTSPLY International Inc. to be used in connection with the 2007 Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent provided herein. Except as specifically incorporated by reference herein the Proxy Statement is not deemed to be filed as part of this Annual Report on Form 10-K.

PART I

Item 1. Business

In accordance with the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary remarks regarding important factors which, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. All forward-looking statements made by the Company are subject to risks and uncertainties and are not guarantees of

future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements are identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate" or words of similar import.

Investors are cautioned that forward-looking statements involve risks and uncertainties which may materially affect the Company's business and prospects, and should be read in conjunction with the risk factors and uncertainties discussed within Item 1A, Part I of this Annual Report on Form 10-K as filed on February 23, 2007. Investors are further cautioned that the risk factors in Item 1A, Part I of this Annual Report on Form 10-K may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty and has no obligation to update forward-looking statements.

History and Overview

DENTSPLY International Inc. ("DENTSPLY" or the "Company"), a Delaware corporation, was created by a merger of Dentsply International Inc. ("Old Dentsply") and GENDEX Corporation in 1993. Old Dentsply, founded in 1899, was a manufacturer and distributor of artificial teeth, dental equipment, and dental consumable products. GENDEX, founded in 1983, was a manufacturer of dental x-ray equipment and handpieces. In early 2004, the Company divested the dental x-ray equipment portion of GENDEX in order to primarily focus the Company's product lines on dental consumables, dental laboratory products, and specialty dental products.

DENTSPLY is the world's largest 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.

Sales of the Company's dental products accounted for approximately 97% of DENTSPLY's consolidated net sales, excluding precious metal content, for the year ended December 31, 2006. The remaining 3% of consolidated sales are primarily related to materials sold to the investment casting industry. The presentation of net sales, excluding precious metal content, could be considered a measure not calculated in accordance with generally accepted accounting principles (a non-GAAP measure). This non-GAAP measure is discussed further in Management's Discussion and Analysis of Financial Condition and Results of Operations and a reconciliation of net sales to net sales, excluding precious metal content is provided.

Through the year ended December 31, 2006, the Company conducted its business through three operating segments, all of which were primarily engaged in the design, manufacture and distribution of dental products in three principal categories: 1) Dental consumables, 2) Dental laboratory products, and 3) Specialty dental products. The Company's three operating segments do not align with these three principal product categories, which are discussed in more detail in the principal product section. In January 2007, the Company revised its operating group structure and expanded into four operating groups. Segment information will be reflected under this revised structure beginning in the first quarter of 2007.

The Company conducts its business in over 120 foreign countries, principally through its foreign subsidiaries. DENTSPLY has a long-established presence in Canada and in the European market, particularly in Germany, Switzerland, France, Italy and the United Kingdom. The Company also has a significant market presence in Central and South America including Brazil, Mexico, Argentina, Colombia, and Chile; in South Africa; and in the Pacific Rim including Japan, Australia, New Zealand, China (including Hong Kong), Thailand, India, Philippines, Taiwan, South Korea, Vietnam and Indonesia. DENTSPLY has also established marketing activities in Moscow, Russia to serve the countries of the former Soviet Union.

For 2006, 2005, and 2004, the Company's net sales, excluding precious metal content, to customers outside the United States ("U.S."), including export sales, accounted for approximately 58%, 56%, and 57%, respectively, of consolidated net sales. Reference is made to the information about the Company's United States and foreign sales by shipment origin set forth in Note 4 to the consolidated financial statements in this Annual Report on Form 10-K.

Principal Products

The worldwide professional dental industry encompasses the diagnosis, treatment and prevention of disease and ailments of the teeth, gums and supporting bone. DENTSPLY's principal dental product categories are dental consumables, dental laboratory products and dental specialty products. These products are produced by the Company in the United States and internationally and are distributed throughout the world under some of the most well-established brand names and trademarks in the industry, including ANKYLOS®, AQUASIL(TM), AQUASIL ULTRA(TM), BIOPURE(TM), CAULK®, CAVITRON®, CERAMCO®, CERCON®, CITANEST®, DELTON®, DENTSPLY®, DETREY®, ELEPHANT®, ESTHET.X®, FRIADENT®, FRIALIT®, GAC ORTHOWORKS(TM), GOLDEN GATE®, IN-OVATION(TM), INTERACTIVE MYSTIQUE(TM), MAILLEFER®, MIDWEST®, NUPRO®, ORAQIX®, PEPGEN P-15(TM), POLOCAINE®, PRIME & BOND®, PROFILE®, PROTAPER(TM), RINN®, R&R®, SANI-TIP®, SEAL&PROTECT(TM), SHADEPILOT(TM), THERMAFIL®, TRUBYTE®, XENO® and XYLOCAINE®.

Dental Consumables

Dental consumable products consist of dental sundries and small equipment used in dental offices in the treatment of patients. Sales of dental consumables, excluding precious metal content, accounted for approximately 40% of the Company's consolidated sales for the years ended December 31, 2006 and 2005.

DENTSPLY's dental sundry products in the dental consumable category include dental anesthetics, prophylaxis paste, dental sealants, impression materials, restorative materials, bone grafting materials, tooth whiteners, and topical fluoride. The Company manufactures thousands of different dental sundry consumable products marketed under more than one hundred brand names.

Small equipment products in the dental consumable category consist of various durable goods used in dental offices for treatment of patients. DENTSPLY's small equipment products include high and low speed handpieces, intraoral curing light systems and ultrasonic scalers and polishers.

Dental Laboratory Products

Dental laboratory products are used in the preparation of dental appliances by dental laboratories. Sales of dental laboratory products, excluding precious metal content, accounted for approximately 19% and 20% of the Company's consolidated sales for the years ended December 31, 2006 and 2005, respectively.

DENTSPLY's products in the dental laboratory category include dental prosthetics, including artificial teeth, precious metal dental alloys, dental ceramics, and crown and bridge materials. Equipment in this category includes computer aided machining (CAM) ceramic systems and porcelain furnaces.

Dental Specialty Products

Specialty dental products are specialized treatment products used within the dental office and laboratory settings. Sales of specialty products, excluding precious metal content, accounted for approximately 38% of the Company's consolidated sales for the years ended December 31, 2006 and 2005. DENTSPLY's products in this category include endodontic (root canal) instruments and materials, implants and related products, and orthodontic appliances and accessories.

Markets, Sales and Distribution

DENTSPLY distributes approximately 55% of its dental products through domestic and foreign distributors, dealers and importers. However, certain highly technical products such as precious metal dental alloys, dental ceramics, crown and bridge porcelain products, endodontic instruments and materials, orthodontic appliances, implants and bone substitute and grafting materials are sold directly to the dental laboratory or dental professional in some markets. During 2006 and 2005, one customer, Henry Schein Incorporated, a dental distributor, accounted for 10.9% and 11.1%, respectively, of DENTSPLY's consolidated net sales. No other single customer represented ten percent or more of DENTSPLY's consolidated net sales during 2006 or 2005.

Reference is made to the information about the Company's foreign and domestic operations and export sales set forth in Note 4 to the consolidated financial statements in this Annual Report on Form 10-K.

Although many of its sales are made to distributors, dealers, and importers, DENTSPLY focuses its marketing efforts on the dentists, dental hygienists, dental assistants, dental laboratories and dental schools who are the end users of its products. As part of this end-user "pull through" marketing approach, DENTSPLY employs approximately 2,000 highly trained, product-specific sales and technical staff to provide comprehensive marketing and service tailored to the particular sales and technical support requirements of the dealers and the end users. The Company conducts extensive distributor and end-user marketing programs and trains laboratory technicians and dentists in the proper use of its products, introducing them to the latest technological developments at its educational centers located throughout the world in key dental markets. The Company also maintains ongoing relationships with various dental associations and recognized worldwide opinion leaders in the dental field, although there is no assurance that these influential dental professionals will continue to support the Company's products.

DENTSPLY believes that demand in a given geographic market for dental procedures and products vary according to the stage of social, economic and technical development of the particular market. Geographic markets for DENTSPLY's dental products can be categorized into the following two stages of development:

The United States, Canada, Western Europe, Japan, Australia and certain other countries are highly developed markets that demand the most advanced dental procedures and products and have the highest level of expenditures on dental care. In these markets, the focus of dental care is increasingly upon preventive care and specialized dentistry. In addition to basic procedures such as the excavation and filling of cavities and tooth extraction and denture replacement, dental professionals perform an increasing volume of preventive and cosmetic procedures. These markets require varied and complex dental products, utilize sophisticated diagnostic and imaging equipment, and demand high levels of attention to protection against infection and patient cross-contamination.

In certain countries in Central America, South America, Eastern Europe, the Pacific Rim, Middle East and Africa, most dental care is often limited to the excavation and filling of cavities and other restorative techniques, reflecting more modest per capita expenditures for dental care. These markets demand diverse products such as high and low speed handpieces, restorative compounds, finishing devices, custom restorative devices, basic surgical instruments, bridgework and artificial teeth for dentures.

The Company offers products and equipment for use in markets at both of these stages of development. The Company believes that demand for more technically advanced products will increase as each of these markets develop. The Company also believes that its recognized brand names, high quality and innovative products, technical support services and strong international distribution capabilities position it well to take advantage of any opportunities for growth in all of the markets that it serves.

The Company believes that the market for its products will grow based on the following factors:

- Increasing worldwide population.
- Growth of the population 65 or older – The percentage of the United States, European, Japanese and other regions population over age 65 is expected to nearly double by the year 2030. In addition to having significant needs for dental care, the elderly are well positioned to pay for the required procedures since they control sizable amounts of discretionary income.
- Natural teeth are being retained longer – Individuals with natural teeth are much more likely to visit a dentist in a given year than those without any natural teeth remaining.
- The changing dental practice in North America and Western Europe– Dentistry in North America and Western Europe has been transformed from a profession primarily dealing with pain, infections and tooth decay to one with increased emphasis on preventive care and cosmetic dentistry.
- Per capita and discretionary incomes are increasing in emerging nations – As personal incomes continue to rise in the emerging nations of the Pacific Rim and Latin America, healthcare, including dental services, are a growing priority.
- The Company's business is less susceptible than other industries to general downturns in the economies in which it operates. Many of the products the Company offers relate to dental procedures that are considered necessary by patients regardless of the economic environment.

Product Development

Technological innovation and successful product development are critical to strengthening the Company's prominent position in worldwide dental markets, maintaining its leadership positions in product categories where it has a high market share and increasing market share in product categories where gains are possible. While many of DENTSPLY's existing products undergo evolutionary improvements, the Company also continues to successfully launch innovative products that represent fundamental change. The Company's research and product development efforts have historically led to the introduction of more than twenty new products each year, with approximately thirty new products having been introduced around the world in both 2005 and 2006.

New advances in technology are also anticipated to have a significant influence on future products in dentistry. As a result, the Company pursues research and development initiatives to support this technological development, including partnerships and collaborations with various research institutions and dental schools.

Through its own internal research centers as well as through its collaborations and partnerships with external research institutes and dental schools, the Company directly invested approximately 3% of net sales during the years ended December 31, 2006, 2005 and 2004, in connection with the development of new products, improvement of existing products and advances in technology. The continued development of these areas is a critical step in meeting the Company's strategic goal of taking a leadership role in defining the future of dentistry.

In addition to the direct investment in product development and improvement, the Company also invests in these activities through acquisitions, by entering into licensing agreements and by purchasing technologies developed by other third parties.

Acquisition Activities

DENTSPLY believes that the dental products industry continues to experience consolidation with respect to both product manufacturing and distribution, although it continues to be fragmented creating a number of acquisition opportunities. As a result, during the past two years, the Company has made several small acquisitions, including a group of three orthodontic companies acquired by the Company during 2005 and two additional small businesses in 2006. The businesses acquired in 2006 include a small dental business in Asia and an implant distribution business in Italy. During 2006, DENTSPLY also acquired a 40% interest in Materialise Dental N.V. ("Materialise"), a simulation software company and a leading manufacturer of a variety of surgical guides to assist in the placement of dental implants. DENTSPLY also acquired the remaining 40% interest of a dental manufacturing business in Brazil during 2006 (the Company had owned 60% of this business since 2001).

The Company continues to view acquisitions as a key part of its growth strategy. These acquisition activities are intended to supplement the Company's core growth and assure ongoing expansion of its business, including new technologies, additional products and geographic breadth.

Operating and Technical Expertise

DENTSPLY believes that its manufacturing capabilities are important to its success. The manufacture of the Company's products requires substantial and varied technical expertise. Complex materials technology and processes are necessary to manufacture the Company's products. The Company continues to automate its global manufacturing operations in order to remain a low cost producer.

The Company has completed or is in progress of completing a number of key initiatives around the world that are focused on helping the Company improve its sales and operating margins.

- The Company formed Dentsply North America, which is a sales organization that effectively combines the field and sales management functions for the United States' distributor businesses.
 - The Company entered into a U.S.-based Strategic Partnership Program, designed to significantly improve its ability to collaborate with and provide value to its key distributor partners. This program encompasses all of the Company's divisions selling through U.S. dental distributors and will result in a consolidated network of U.S. distributors that is expected to provide the Company with an increased ability to deliver greater customer-focused services to its distributor partners and dental professional end users as well as enhance sales and marketing effectiveness for these businesses over time.
-
- The Company is continuing to develop its new business system which will provide a framework of best in class tools to help streamline decision making, gain efficiencies and accelerate internal growth by setting standards across all key areas of the business.
 - Building on the success of the North American Shared Services group, the Company has implemented a European Shared Services group. The Company is continuing to realize the initial cost savings from the implementation of the European Shared Services group. While the initial cost savings and process improvements related to the North American Shared Services group have already been realized, there is a focus on continuous improvement to identify and maximize additional opportunities that can be gained through this initiative.
 - The Company has centralized its warehousing and distribution in North America and Europe. While the initial gains from this strategy have been realized, ongoing efforts are in place to maximize additional opportunities that can be gained through improving the Company's functional expertise in supply chain management.
 - The Company considers the implementation of lean manufacturing techniques as a fundamental part of its supply chain strategy. With a focus on reducing non-value added activities, over the last decade, numerous manufacturing sites have dramatically reduced inventory levels, increased space utilization and improved labor productivity. This was accomplished while reducing manufacturing lead times and improving the Company's delivery performance to dealers and end-users.
 - Information technology initiatives are underway to generate enhanced worldwide financial data; to standardize worldwide telecommunications; implement improved manufacturing, customer relations management (CRM) and financial accounting systems; and to train IT users to maximize the capabilities of global systems.
 - The Company continues to pursue opportunities to leverage its assets by consolidating business units where appropriate and to optimize its diversity of worldwide manufacturing capabilities.
 - The Company continues to assess procurement activities in order to leverage the buying power of Dentsply around the world and reduce the Company's product costs through lower prices and reduced overhead.

Financing

DENTSPLY's total long-term debt, including the current portion of long-term debt, at December 31, 2006 and 2005 was \$367.4 million and \$680.9 million, respectively, and the ratios of long-term debt to total capitalization were 22.4% and 35.3%. DENTSPLY defines total capitalization as the sum of total long-term debt, including the current portion, plus total stockholders equity. DENTSPLY may incur additional debt in the future, including, but not limited to, the funding of additional acquisitions and capital expenditures.

The Company's cash, cash equivalents and short-term investments decreased \$369.4 million during the year ended December 31, 2006 to \$65.1 million. In 2006, the Company had net repayments of \$363.2 million related to long-term borrowings and repurchased \$293.8 million in treasury stock. The net repayment of \$363.2 million of long term borrowings was primarily due to the December repayment of \$462.7 million related to the Eurobond as well as payments of \$106.6 million related to the Swiss franc denominated private placement notes. These repayments were partially offset by borrowings of \$103.7 million under the revolving credit agreement and \$97.3 million under the commercial paper facility. Throughout most of 2006 and until the repayment of the Eurobond in December, the Company continued to maintain significant cash, cash equivalents and short-term investment balances rather than pre-pay debt, as a result of pre-payment penalties that would have been incurred in retiring both the debt and the related interest rate swap agreements. Additionally, the Company did not repay this debt prior to its due date due to the low cost of the debt, net of earnings on the cash, cash equivalents and short-term investments.

The Company has \$51.0 million of long-term borrowings coming due in 2007. The Company intends to refinance this debt obligation and portions of its U.S. dollar commercial paper either through borrowings under the revolving credit agreement or other borrowing facilities available to the Company. Any debt that is repaid through the use of the revolving credit agreement or the other borrowing facilities will effectively convert the maturity of the debt beyond 2007.

Additional information about DENTSPLY's working capital, liquidity and capital resources is provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K.

Competition

The Company conducts its operations, both domestic and foreign, under highly competitive market conditions. Competition in the dental products industry is based primarily upon product performance, quality, safety and ease of use, as well as price, customer service, innovation and acceptance by professionals and technicians. DENTSPLY believes that its principal strengths include its well-established brand names, its reputation for high-quality and innovative products, its leadership in product development and manufacturing, and its commitment to customer satisfaction.

The size and number of the Company's competitors vary by product line and from region to region. There are many companies that produce some, but not all, of the same types of products as those produced by the Company.

Regulation

The Company's products are subject to regulation by, among other governmental entities, the United States Food and Drug Administration (the "FDA"). In general, if a dental "device" is subject to FDA regulation, compliance with the FDA's requirements constitutes compliance with corresponding state regulations. In order to ensure that dental products distributed for human use in the United States are safe and effective, the FDA regulates the introduction, manufacture, advertising, labeling, packaging, marketing and distribution of, and record-keeping for, such products. The introduction and sale of dental products of the types produced by the Company are also subject to government regulation in the various foreign countries in which they are produced or sold. DENTSPLY believes that it is in substantial compliance with the FDA and foreign regulatory requirements that are applicable to its products and manufacturing operations.

Dental devices of the types sold by DENTSPLY are generally classified by the FDA into a category that renders them subject only to general controls that apply to all medical devices, including regulations regarding alteration, misbranding, notification, record-keeping and good manufacturing practices. In the European Union, DENTSPLY's products are subject to the medical devices laws of the various member states which are based on a Directive of the European Commission. Such laws generally regulate the safety of the products in a similar way to the FDA regulations. DENTSPLY products in Europe bear the CE sign showing that such products adhere to the European regulations.

All dental amalgam filling materials, including those manufactured and sold by DENTSPLY, contain mercury. Various groups have alleged that dental amalgam containing mercury is harmful to human health and have actively lobbied state and federal lawmakers and regulators to pass laws or adopt regulatory changes restricting the use, or requiring a warning against alleged potential risks, of dental amalgams. The FDA's Dental Devices Classification Panel, the National Institutes of Health and the United States Public Health Service have each indicated that no direct hazard to humans from exposure to dental amalgams has been demonstrated. In response to concerns raised by certain consumer groups regarding dental amalgam, in 2006 the FDA formed an advisory committee to review peer-reviewed scientific literature on the safety of dental amalgam. In Europe, particularly in Scandinavia and Germany, the contents of mercury in amalgam filling materials has been the subject of public discussion. As a consequence, in 1994 the German health authorities required suppliers of dental amalgam to amend the instructions for use for amalgam filling materials to include a precaution against the use of amalgam for children less than eighteen years of age and to women of childbearing age. DENTSPLY also manufactures and sells non-amalgam dental filling materials that do not contain mercury.

Sources and Supply of Raw Materials and Finished Goods

The Company manufactures the majority of the products sold by the Company. All of the raw materials used by the Company in the manufacture of its products are purchased from various suppliers and are typically available from numerous sources. No single supplier accounts for a significant percentage of DENTSPLY's raw material requirements. In addition to those products both manufactured and sold by the Company, some finished goods products sold by the Company are purchased from third party suppliers. Of these finished goods products purchased from third party suppliers, a significant portion of the Company's injectable anesthetic products, orthodontic products and cutting instruments are purchased from a limited number of suppliers.

In early 2006, the Company made the decision to close its Chicago-based pharmaceutical manufacturing facility and to pursue the outsourcing of the production of the injectable dental anesthetic products and the non-injectable Oraqix® products that were to be produced at the plant. While the Company had supply disruptions in 2005 and 2006, and will have some supply disruptions in the future in relation to the supply of the injectable dental anesthetic products, the Company currently has contract manufacturing relationships for the supply of the injectable dental anesthetic products for most of the markets served by the

Company. The Company currently has supply agreements in place for the supply of the non-injectable Oraqix® products and has not experienced supply disruptions to date, nor does it anticipate supply disruptions of the Oraqix® products in the future.

Intellectual Property

Products manufactured by DENTSPLY are sold primarily under its own trademarks and trade names. DENTSPLY also owns and maintains approximately 2,000 patents throughout the world and is licensed under a small number of patents owned by others.

DENTSPLY's policy is to protect its products and technology through patents and trademark registrations in the United States and in significant international markets for its products. The Company carefully monitors trademark use worldwide, and promotes enforcement of its patents and trademarks in a manner that is designed to balance the cost of such protection against obtaining the greatest value for the Company. DENTSPLY believes its patents and trademark properties are important and contribute to the Company's marketing position but it does not consider its overall business to be materially dependent upon any individual patent or trademark.

Employees

As of December 31, 2006, the Company and its subsidiaries employed approximately 8,500 employees. A small percentage of the Company's employees are represented by labor unions. Hourly workers at the Company's Ransom & Randolph facility in Maumee, Ohio are represented by Local No. 12 of the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America under a collective bargaining agreement that expires on January 31, 2008. Hourly workers at the Company's Midwest Dental Products facility in Des Plaines, Illinois are represented by International Association of Machinists and Aerospace Workers, AFL-CIO in Chicago under a collective bargaining agreement that expires on May 31, 2009. In addition, approximately 35% of DeguDent employees and 25% of DeTrey employees, two of the Company's German operating units, are represented by labor unions. The Company provides pension and postretirement benefits to many of its employees (See Note 14 to the consolidated financial statements). The Company believes that its relationship with its employees is good.

Environmental Matters

DENTSPLY believes that its operations comply in all material respects with applicable environmental laws and regulations. Maintaining this level of compliance has not had, and is not expected to have, a material effect on the Company's capital expenditures or on its business.

Other Factors Affecting the Business

The Company's business is subject to quarterly fluctuations with net sales and operating profits historically being higher in the second and fourth quarters. The Company typically implements most of its price changes in the third or fourth quarters of the year. These price changes, other marketing and promotional programs, which are offered to customers from time to time in the ordinary course of business, the management of inventory levels by distributors and the implementation of strategic initiatives, may impact sales levels in a given period. Sales for the industry and the Company are generally strongest in the second and fourth calendar quarters and weaker in the first and third calendar quarters, due to the effects of the items noted above and due to holiday seasonality.

Securities and Exchange Act Reports

DENTSPLY makes available free of charge through its website at www.dentsply.com its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after such materials are filed with or furnished to, the Securities and Exchange Commission.

The public may read and copy any materials the Company files with the SEC at its Public Reference Room at the following address:

100 F Street, NE
Washington, D.C. 20549

The public may obtain information on the operation of this Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, since the Company is an electronic filer, the public may access reports, the proxy and information statements and other information filed or furnished by the Company at the Internet site maintained by the SEC (<http://www.sec.gov>).

Item 1A. Risk Factors

Following are the significant risk factors that could materially impact DENTSPLY's business. The order in which these factors appear should not be construed to indicate their relative importance or priority.

Negative changes could occur in the dental markets, the general economic environments or government reimbursement or regulatory programs of the regions in which the Company operates.

The success of the Company is largely dependent upon the continued strength of dental markets and is also somewhat dependent upon the general economic environments of the regions in which it operates. Negative changes to these markets and economies could materially impact the Company's results of operations and financial condition. In addition, many of the Company's markets are affected by government reimbursement and regulatory programs. In certain markets, government and regulatory programs have a more significant impact than other markets. Changes to these programs could have a positive or negative impact on the Company's results.

The Company may be unable to develop innovative products or obtain regulatory approval for new products.

DENTSPLY has identified new products as an important part of its growth opportunities. There can be no assurance that DENTSPLY will be able to continue to develop innovative products and that regulatory approval of any new products will be obtained, or that if such approvals are obtained, such products will be

favorably accepted in the marketplace. Additionally, there is no assurance that entirely new technology or approaches to dental treatment or competitor's new products will not be introduced that could render the Company's products obsolete.

The dental supplies market is highly competitive, and there is no guarantee that the Company can compete successfully.

The worldwide market for dental supplies is highly competitive. There can be no assurance that the Company will successfully identify new product opportunities and develop and market new products successfully, or that new products and technologies introduced by competitors will not render the Company's products obsolete or noncompetitive. Additionally, the size and number of the Company's competitors vary by product line and from region to region. There are many companies that produce some, but not all, of the same types of products as those produced by the Company. Certain of DENTSPLY's competitors may have greater resources than does the Company.

The Company's expansion through acquisition involves risks and may not result in the expected benefits.

The Company continues to view acquisitions as a key part of its growth strategy. The Company continues to be active in evaluating potential acquisitions although there is no assurance that these efforts will result in completed transactions as there are many factors that affect the success of such activities. If the Company does succeed in acquiring a business or product, there can be no assurance that the Company will achieve any of the benefits that it might anticipate from such an acquisition and the attention and effort devoted to the integration of an acquired business could divert management's attention from normal business operations. If the Company makes acquisitions, it may incur debt, assume contingent liabilities or create additional expenses, any of which might adversely affect its financial results. Any financing that the Company might need for acquisitions may only be available to it on terms that restrict its business or that impose additional costs that reduce its operating results.

The Company may not generate sufficient cash flow to service its debt, pay its contractual obligations and operate the business.

DENTSPLY's ability to make payments on its indebtedness and contractual obligations, and to fund its operations depends on its future performance and financial results, which, to a certain extent, are subject to general economic, financial, competitive, regulatory and other factors and the interest rate environment that are beyond its control. Although Management believes that the Company has and will continue to have sufficient liquidity, there can be no assurance that DENTSPLY's business will generate sufficient cash flow from operations in the future to service its debt, pay its contractual obligations and operate its business.

The Company's may be unable to sustain the operational and technical expertise that is key to its success.

DENTSPLY believes that its manufacturing capabilities are important to its success. The manufacture of the Company's products requires substantial and varied technical expertise. Complex materials technology and processes are necessary to manufacture the Company's products. There can be no assurance that the Company will be able to maintain the necessary operational and technical expertise that is key to its success.

The Company may not be able to repay its outstanding debt in the event that cross default provisions are triggered due to a breach of loan covenants.

DENTSPLY's existing borrowing documentation contains a number of covenants and financial ratios which it is required to satisfy. The most restrictive of these covenants pertain to asset dispositions, maintenance of certain levels of net worth, and prescribed ratios of indebtedness to total capital and operating income plus depreciation and amortization to interest expense. Any breach of any such covenants or restrictions would result in a default under the existing borrowing documentation that would permit the lenders to declare all borrowings under such documentation to be immediately due and payable and, through cross default provisions, would entitle DENTSPLY's other lenders to accelerate their loans. DENTSPLY may not be able to meet its obligations under its outstanding indebtedness in the event that any cross default provision is triggered.

The Company's international operations are subject to inherent risks that could adversely affect the operating results.

DENTSPLY, with its significant international operations, is subject to fluctuations in exchange rates of various foreign currencies and other risks associated with foreign trade and the impact of currency fluctuations in any given period can be favorable or unfavorable.

The Company may fail to comply with regulations issued by the FDA and similar foreign regulatory agencies.

DENTSPLY's business is subject to periodic review and inspection by the FDA and similar foreign authorities to monitor DENTSPLY's compliance with the regulations administered by such authorities. There can be no assurance that these authorities will not raise compliance concerns. Failure to satisfy any such requirements can result in governmental enforcement actions, including possible product seizure, injunction and/or criminal or civil proceedings.

All dental amalgam filling materials, including those manufactured and sold by DENTSPLY, contain mercury. The FDA's Dental Devices Classification Panel, the National Institutes of Health and the United States Public Health Service have each indicated that no direct hazard to humans from exposure to dental amalgams has been demonstrated. If the FDA were to reclassify dental mercury and amalgam filling materials as classes of products requiring FDA pre-market approval, there can be no assurance that the required approval would be obtained or that the FDA would permit the continued sale of amalgam filling materials pending its determination.

The Company may be unable to obtain a supply for certain finished goods purchased from third parties.

A significant portion of the Company's injectable anesthetic products, orthodontic products and cutting instruments are purchased from a limited number of suppliers. As there are a limited number of suppliers for these products, there can be no assurance that the Company will be able to obtain an adequate supply of these products in the future.

The Company's success is dependent upon its management and employees.

The Company's success is dependent upon its management and employees. The loss of senior management employees or any failure to recruit and train needed managerial, sales and technical personnel, could have a material adverse effect on the Company.

The Company faces the inherent risk of litigation.

The Company's business involves a risk of product liability and other claims, and from time to time the Company is named as a defendant in these cases. The primary risks to which the Company is exposed are related to those products manufactured by the Company. The Company has insurance policies, including product liability insurance, covering these risks in amounts that are considered adequate; however, the Company cannot provide assurance that the maintained coverage is sufficient to cover future claims or that the coverage will be available in adequate amounts or at a reasonable cost. A successful claim brought against the Company in excess of available insurance, or any claim that results in significant adverse publicity against the Company, could harm its business.

The Company may fail to meet or exceed the expectations of securities analysts and investors, which could cause its stock price to decline.

DENTSPLY experiences fluctuations in quarterly earnings. As a result, the Company may fail to meet or exceed the expectations of securities analysts and investors, which could cause its stock price to decline.

The Company's business is subject to quarterly fluctuations with net sales and operating profits historically being higher in the second and fourth quarters. The Company typically implements most of its price changes in the third or fourth quarters of the year. These price changes, other marketing and promotional programs, which are offered to customers from time to time in the ordinary course of business, the management of inventory levels by distributors and the implementation of strategic initiatives, may impact sales levels in a given period. Net sales and operating profits generally have been lower in the first and third quarters, primarily due not only to increased sales in the quarters preceding the first and third quarters, but also due to the impact of summer holidays and vacations, particularly throughout Europe.

The market price for the Company's common stock may become volatile.

A variety of factors may have a significant impact on the market price of DENTSPLY's common stock causing volatility. These factors include, but are not necessarily limited to: the publication of earnings estimates or other research reports and speculation in the press or investment community; changes in the Company's industry and competitors; the Company's financial condition, results of operations and cash flows; any future issuances of DENTSPLY's common stock, which may include primary offerings for cash, stock splits, issuances in connection with business acquisitions, restricted stock and the grant or exercise of stock options from time to time; general market and economic conditions; and any outbreak or escalation of hostilities in areas the Company does business.

In addition, the NASDAQ National Market can experience extreme price and volume fluctuations that can be unrelated or disproportionate to the operating performance of the companies listed on the NASDAQ. Broad market and industry factors may negatively affect the market price of the Company's common stock, regardless of actual operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against companies. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which would harm the Company's business.

Certain provisions in the Company's governing documents may discourage third-party offers to acquire DENTSPLY that might otherwise result in the Company's stockholders receiving a premium over the market price of their shares.

Certain provisions of DENTSPLY's Certificate of Incorporation and By-laws and of Delaware law could have the effect of making it difficult for a third party to acquire control of DENTSPLY. Such provisions include the division of the Board of Directors of DENTSPLY into three classes, with the three-year term of a class expiring each year, a provision allowing the Board of Directors to issue preferred stock having rights senior to those of the common stock and certain procedural requirements which make it difficult for stockholders to amend DENTSPLY's By-laws and call special meetings of stockholders. In addition, members of DENTSPLY's management and participants in its Employee Stock Ownership Plan collectively own approximately 6% of the outstanding common stock of DENTSPLY.

ITEM 1B. Unresolved Staff Comments

None

Item 2. Properties

The following is a listing of DENTSPLY's principal manufacturing and distribution locations as of December 31, 2006:

<u>Location</u>	<u>Function</u>	<u>Leased or Owned</u>
United States:		
Milford, Delaware (1)	Manufacture of consumable dental products	Owned
Bradenton, Florida (3)	Manufacture of orthodontic accessory products	Leased
Des Plaines, Illinois (2)	Manufacture and assembly of dental handpieces	Leased
Elgin, Illinois (1)	Manufacture of dental x-ray film holders, film mounts and accessories	Owned
Elgin, Illinois (1)	Manufacture of dental x-ray film holders, film mounts and accessories	Leased
Maumee, Ohio (2)	Manufacture and distribution of investment casting products	Owned
York, Pennsylvania (3)	Manufacture and distribution of artificial teeth and other dental laboratory products;	Owned
York, Pennsylvania (1)	Manufacture of small dental equipment and preventive dental products	Owned

Johnson City, Tennessee (2)	Manufacture and distribution of endodontic instruments and materials	Leased
Bohemia, New York (3)	Manufacture and distribution of orthodontic products and materials	Leased
Middletown, Pennsylvania (1)	Distribution of Dental Products	Leased
Foreign:		
Catanduva, Brazil (2)	Manufacture and distribution of dental anesthetic products	Owned
Petropolis, Brazil (2)	Manufacture and distribution of artificial teeth and consumable dental products	Owned
Tianjin, China (3)	Manufacture and distribution of dental products	Leased
Plymouth, England (1)	Manufacture of dental hand instruments	Leased
Ivry Sur-Seine, France (1)	Manufacture and distribution of investment casting products	Leased
Bohmte, Germany (3)	Manufacture and distribution of dental laboratory products	Owned

<u>Location</u>	<u>Function</u>	<u>Leased or Owned</u>
Hanau, Germany (3)	Manufacture and distribution of precious metal dental alloys, dental ceramics and dental implant products	Owned
Konstanz, Germany (1)	Manufacture and distribution of consumable dental products	Owned
Mannheim, Germany (3)	Manufacture and distribution of dental implant products	Owned
Munich, Germany (2)	Manufacture and distribution of endodontic instruments and materials	Owned
Radolfzell, Germany (4)	Distribution of dental products	Leased
Rosbach, Germany (3)	Manufacture and distribution of dental ceramics	Owned
Nasu, Japan (3)	Manufacture and distribution of precious metal dental alloys, consumable dental products and orthodontic products	Owned
Yokohama City, Japan (3)	Manufacture and distribution of dental products	Leased
Hoorn, Netherlands (3)	Manufacture and distribution of precious metal dental alloys and dental ceramics	Owned
Las Piedras, Puerto Rico (3)	Manufacture of crown and bridge materials	Owned
Ballaigues, Switzerland (2)	Manufacture and distribution of endodontic instruments	Owned
Ballaigues, Switzerland (2)	Manufacture and distribution of endodontic instruments, plastic components and packaging material	Owned
Le Creux, Switzerland (2)	Manufacture and distribution of endodontic instruments	Owned

(1) - These properties are included in the U.S., Europe, Commonwealth of Independent States (“CIS”), Middle East, Africa Consumable Business/Canada segment.

(2) - These properties are included in the Australia/Latin America/Endodontics/Non-dental segment.

(3) - These properties are included in the Dental Laboratory Business/Implants/Orthodontics/Japan/Asia segment

(4) - This property is a distribution warehouse not managed by named segments.

In addition, the Company maintains sales and distribution offices at certain of its foreign and domestic manufacturing facilities, as well as at various other United States and international locations. Most of the various sites around the world that are used exclusively for sales and distribution are leased.

The Company also owns its corporate headquarters located in York, Pennsylvania.

DENTSPLY believes that its properties and facilities are well maintained and are generally suitable and adequate for the purposes for which they are used.

Item 3. Legal Proceedings

On January 5, 1999, following a four-year investigation, the Department of Justice filed a Complaint against the Company in the U.S. District Court in Wilmington, Delaware alleging that the Company's tooth distribution practices violated the antitrust laws and seeking an order for the Company to discontinue its practices. This case has been concluded and the District Court, upon the direction of the Court of Appeals, issued an injunction preventing DENTSPLY from taking action to restrict its tooth dealers from adding new competitive teeth lines. This decision relates only to the distribution of artificial teeth in the U.S. and, notwithstanding the outcome of this case, the Company is confident that it can continue to develop this business.

Subsequent to the filing of the Department of Justice Complaint in 1999, several private party class actions were filed based on allegations similar to those in the Department of Justice case, on behalf of dental laboratories, and denture patients in seventeen states who purchased Trubyte teeth or products containing Trubyte teeth. These cases were transferred to the U.S. District Court in Wilmington, Delaware. The private party suits seek damages in an unspecified amount. The Court has granted the Company's Motion on the lack of standing of the laboratory and patient class actions to pursue damage claims. The Plaintiffs in the laboratory case appealed this decision to the Third Circuit and the Court largely upheld the decision of the District Court in dismissing the Plaintiffs' damages claims against DENTSPLY, with the exception of allowing the Plaintiffs to pursue a damage claim based on a theory of resale price maintenance between the Company and its tooth dealers. The Plaintiffs' petition to the U.S. Supreme Court asking it to review this decision of the Third Circuit was denied. The Plaintiffs in the laboratory case have recently filed an amended complaint asserting that DENTSPLY and its tooth dealers, and the dealers among themselves, engaged in a conspiracy to violate the antitrust laws. Dentsply and the dealers have filed Motions to dismiss plaintiffs' claims, except for the resale price maintenance claims. Additionally, two competitive tooth manufacturers have recently filed separate actions seeking damages alleged to have been incurred as a result of the Company's tooth distribution practice found to be a violation of the antitrust law.

On March 27, 2002, a Complaint was filed in Alameda County, California (which was transferred to Los Angeles County) by Bruce Glover, D.D.S. alleging, inter alia, breach of express and implied warranties, fraud, unfair trade practices and negligent misrepresentation in the Company's manufacture and sale of Advance® cement. The Complaint seeks damages in an unspecified amount for costs incurred in repairing dental work in which the Advance® product allegedly failed. The Judge entered an Order granting class certification, as an Opt-in class. In general, the Class is defined as California dentists who purchased and used Advance® cement and were required, because of failures of the cement, to repair or reperform dental procedures for which they were not paid. The Notice of the class action was sent on February 23, 2005 to the approximately 29,000 dentists licensed to practice in California during the relevant period and a total of 166 dentists opted into the class action. The plaintiffs appealed the decision of the Trial Court certifying the class as an opt-in and the Appeals Court held that the case should be converted to an opt-out class. The Company has filed an appeal of this decision to the California Supreme Court. The Advance® cement product was sold from 1994 through 2000 and total sales in the United States during that period were approximately \$5.2 million. The Company's primary level insurance carrier has confirmed coverage for the breach of warranty claims in this matter up to one million dollars, their asserted policy limits. Litigation has been initiated with the Company's primary and excess insurance carriers regarding the level and coverage of their respective insurance policies for this case.

On June 18, 2004, Marvin Weinstat, DDS and Richard Nathan, DDS filed a class action suit in San Francisco County, California alleging that the Company misrepresented that its Cavitron® ultrasonic scalers are suitable for use in oral surgical procedures. The Complaint seeks a recall of the product and refund of its purchase price to dentists who have purchased it for use in oral surgery. The Court certified the case as a class action in June 2006 with respect to the breach of warranty and unfair business practices claims. The class is defined as California dental professionals who purchased and used one or more Cavitron ultrasonic scalers for the performance of oral surgical procedures. The Company filed a motion for decertification of the class and this motion was granted. Plaintiffs have appealed the decertification of the class to the California Court of Appeals.

On December 12, 2006, a Complaint was filed by Carole Hildebrand, DDS and Robert Jaffin, DDS in the Eastern District of PA. The case was filed by the same law firm that filed the Weinstat case in California. The Complaint seeks a refund of the purchase price and asserts putative class action claims on behalf of dentists located in New Jersey and Pennsylvania based on assertions that the Cavitron was sold in breach of contract and warranty arising from misrepresentations about the potential uses of the product because it cannot deliver potable or sterile water.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Executive Officers of the Registrant

The following table sets forth certain information regarding the executive officers of the Company as of February 23, 2007.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Bret W. Wise	46	Chairman of the Board, Chief Executive Officer and President
Christopher T. Clark	45	Executive Vice President and Chief Operating Officer
William R. Jellison	49	Senior Vice President and Chief Financial Officer
Rachel P. McKinney	49	Senior Vice President
James G. Mosch	49	Senior Vice President
Robert J. Size	48	Senior Vice President
Brian M. Addison	52	Vice President, Secretary and General Counsel

Bret W. Wise was named Chairman of the Board, Chief Executive Officer and President of the Company effective January 1, 2007. Prior to that time, Mr. Wise was President and Chief Operating Officer since January 2006 and Executive Vice President since January 2005. During his tenure as Executive Vice President, Mr. Wise oversaw two of DENTSPLY's operating groups including all business units that are sold through distribution in the United States, Europe, and Canada, and the laboratory business units in Europe. In addition he had direct responsibility for corporate research and business development activities. Prior to that time, he was Senior Vice President and Chief Financial Officer of the Company since November 2002. Prior to that time, Mr. Wise was Senior Vice President and Chief Financial Officer with Ferro Corporation of Cleveland, OH. Prior to joining Ferro Corporation in 1999, Mr. Wise held the position of Vice President and Chief Financial Officer at WCI Steel, Inc., of Warren, OH, from 1994 to 1999. Prior to joining WCI Steel, Inc., Mr. Wise was a partner with KPMG LLP. Mr. Wise is a Certified Public Accountant.

Christopher T. Clark was named Executive Vice President and Chief Operating Officer of the Company effective January 1, 2007. Prior to that time, Mr. Clark was Senior Vice President since January 2003, with operating responsibilities over both manufacturing operations and selling organizations located in the United States, Europe and Japan. Prior to that appointment, Mr. Clark served as Vice President and General Manager of DENTSPLY's global imaging business since June 1999, with operations in the United States, Germany and Italy, serving markets worldwide. Prior to that time, he served as Vice President and General Manager of the Prosthetics Division since July of 1996. Prior to that, Mr. Clark was Director of Marketing of the Prosthetics Division since September 1992 when he started with the Company.

William R. Jellison was named Senior Vice President and Chief Financial Officer of the Company effective January 2005. In this position, he is responsible for Accounting, Treasury, Tax, Information Technology and Internal Audit. Prior to that time he was Senior Vice President since November 2002, with operating responsibilities over both manufacturing operations and selling organizations located in the United States, Europe and Asia. From the period April 1998 to November 2002, Mr. Jellison served as Senior Vice President and Chief Financial Officer of the Company. Prior to that time, Mr. Jellison held various financial management positions including Vice President of Finance, Treasurer and Corporate Controller for Donnelly Corporation of Holland, Michigan since 1980. Mr. Jellison is a Certified Management Accountant.

Rachel P. McKinney was named Senior Vice President, Global Human Resources effective January 2006. In January 2007, she assumed additional responsibility for DENTSPLY's Corporate Communications overseeing communications, public relations and community involvement. Prior to that time, she was Corporate Vice President, Human Resources since March 2003. Prior to that time, she held various leadership positions in human resources at Compaq Computer Corporation, Burger King Corporation, Miller Brewing Company, Air Products and Chemical Company and Aetna/Partners National Health Plans.

James G. Mosch was named Senior Vice President effective November 2002, with operating responsibilities over both manufacturing operations and selling organizations located in the United States, Europe, Australia, Brazil, Latin America and Mexico. In January 2007, he assumed responsibility for business development. Through December 2004, he was also responsible for the Company's selling location in Canada. Prior to this appointment, Mr. Mosch served as Vice President and General Manager of the DENTSPLY Professional operating unit since July 1994 when he started with the Company.

Robert J. Size was named Senior Vice President effective January 1, 2007, with operating responsibilities over both manufacturing operations and selling organizations located in the United States and Europe, as well as the DENTSPLY North America (DNA) sales organization. Prior to this appointment, Mr. Size served as Vice President and General Manager of the Caulk division since June 2003 and was named Vice President in January 2006, with responsibility for the Caulk, DeTrey and Rinn operating units. Prior to that time, he was the CEO and President of Superior MicroPowders and held various cross-functional and international leadership positions with The Cookson Group.

Brian M. Addison has been Vice President, Secretary and General Counsel of the Company since January 1, 1998. Prior to that, he was Assistant Secretary and Corporate Counsel since December 1994. Prior to that he was a Partner at the Harrisburg, Pennsylvania law firm of McNees, Wallace & Nurick, and prior to that he was Senior Counsel at Hershey Foods Corporation.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The information set forth under the caption "Supplemental Stock Information" is filed as part of this Annual Report on Form 10-K.

At December 31, 2005, the Company had authorization to maintain up to 11,000,000 shares of treasury stock under the stock repurchase program as approved by the Board of Directors. In December 2006, the Board of Directors increased the authorization to repurchase shares under the stock repurchase program in an amount to maintain up to 14,000,000 shares of treasury stock. The table below contains certain information with respect to the repurchase of shares of the Company's common stock during the quarter ended December 31, 2006.

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Total Cost of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Number of Shares That May Be Purchased Under the Share Repurchase Program</u>
		(in thousands, except per share amounts)		
October 1-31, 2006	2,020.6	\$ 63,791.7	\$ 31.57	74.9
November 1-30, 2006	1,711.0	53,811.6	31.45	18.3
December 1-31, 2006	47.5	1,437.1	30.25	3,015.4
	<u>3,779.1</u>	<u>\$ 119,040.4</u>	<u>\$ 31.50</u>	

Item 6. Selected Financial Data

The information set forth under the caption "Selected Financial Data" is filed as part of this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" is filed as part of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

The information set forth under the caption "Quantitative and Qualitative Disclosure about Market Risk" is filed as part of this Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data

The information set forth under the captions "Management's Report on Internal Control Over Financial Reporting," "Report of Independent Registered Public Accounting Firm," "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Stockholders' Equity," "Consolidated Statements of Cash Flows," and "Notes to Consolidated Financial Statements" is filed as part of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

(a) Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report were effective.

(b) Management's Report on Internal Control Over Financial Reporting

Management's report on the Company's internal control over financial reporting is included under Item 15(a)(1) of this Annual Report on Form 10-K. Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is also included under Item 15(a)(1) of this Annual Report on Form 10-K.

(c) Changes in Internal Control Over Financial Reporting

There have been changes in the Company's internal control over financial reporting that occurred during the three months ended December 31, 2006 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Management had previously identified a material weakness in internal control over financial reporting concerning the Company's lack of effective controls over the complete and accurate presentation and disclosure of short-term investments as of December 31, 2005. Specifically, the Company's controls over the completeness and accuracy of short-term investments in the consolidated balance sheet and the related cash flows from the purchase and sale of short-term investments in the consolidated statement of cash flows were not effective. This control deficiency resulted in the restatement of the Company's 2005 and 2004 annual consolidated financial statements and the interim consolidated financial statements for the first and second quarters of 2006 and all quarters of 2005 and an audit adjustment to the interim consolidated financial statements for the third quarter of 2006.

In order to remediate the material weakness in the Company's internal control over financial reporting with respect to the accounting for and disclosure of short-term investments, management has designed, implemented and enhanced controls to ensure the proper presentation and disclosure of short-term investments on the Company's consolidated balance sheets and statements of cash flows. Specifically, the Company has expanded its internal reporting structure to include a specific category for short-term investments and has enhanced its review and approval process to ensure that short-term investments are properly classified on the consolidated balance sheet and statements of cash flows.

The Company has evaluated the design of the improved controls described above, which have been placed into operation for a sufficient period of time, and tested their operating effectiveness. It has concluded that these controls were both designed and operating effectively as of December 31, 2006 and as a result of the implementation of these controls, the previously identified material weakness no longer existed at December 31, 2006.

There have been no other changes in the Company's internal control over financial reporting that occurred during the year ended December 31, 2006 that have materially affected, or are likely to materially affect, its internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information (i) set forth under the caption "Executive Officers of the Registrant" in Part I of this Annual Report on Form 10-K and (ii) set forth under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2007 Proxy Statement is incorporated herein by reference.

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to the Chief Executive Officer and the Chief Financial Officer and substantially all of the Company's management level employees. This Code of Business Conduct and Ethics is provided as Exhibit 14 of the Company's Annual Report on Form 10-K as filed on February 23, 2007.

Item 11. Executive Compensation

The information set forth under the caption "Executive Compensation" in the 2007 Proxy Statement is incorporated herein by reference. This includes the new Compensation Discussion and Analysis and the Compensation Committee Report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" and "Securities Authorized for Issuance Under Equity Compensation Plans" in the 2007 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required under this item number is presented in the 2007 Proxy Statement, which is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information set forth under the caption "Relationship with Independent Registered Public Accounting Firm" in the 2007 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedule

(a) Documents filed as part of this Report

1 Financial Statements

The following consolidated financial statements of the Company are filed as part of this Annual Report on Form 10-K and are covered by the Report of Independent Registered Public Accounting Firm also filed as part of this report:

Management's Report on Internal Control Over Financial Reporting
Report of Independent Registered Public Accounting Firm
Consolidated Statements of Income - Years ended December 31, 2006, 2005 and 2004
Consolidated Balance Sheets - December 31, 2006 and 2005
Consolidated Statements of Stockholders' Equity and Comprehensive Income - Years ended December 31, 2006, 2005 and 2004
Consolidated Statements of Cash Flows - Years ended December 31, 2006, 2005 and 2004
Notes to Consolidated Financial Statements

2 Financial Statement Schedule

The following financial statement schedule is filed as part of this Annual Report on Form 10-K and is covered by the Report of Independent Registered Public Accounting Firm:

Schedule II -- Valuation and Qualifying Accounts.

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required to be included herein under the related instructions or are inapplicable and, therefore, have been omitted.

3 Exhibits. The Exhibits listed below are filed or incorporated by reference as part of the Company's Annual Report on Form 10-K as filed on February 23, 2007.

<u>Exhibit Number</u>	<u>Description</u>
3.1	Restated Certificate of Incorporation (9)
3.2	By-Laws, as amended (8)
4.1	(a) United States Commercial Paper Issuing and paying Agency Agreement dated as of August 12, 1999 between the Company and the Chase Manhattan Bank. (6)
	(b) United States Commercial Paper Dealer Agreement dated as of March 28, 2002 between the Company and Salomon Smith Barney Inc. (10)
	(c) Euro Commercial Paper Note Agreement dated as of October 26, 2006 between the Company and Citibank International plc.
	(d) Euro Commercial Paper Dealer Agreement dated as of October 26, 2006 between the Company and Citibank International plc.
4.2	(a) Note Agreement (governing Series A, Series B and Series C Notes) dated March 1, 2001 between the Company and Prudential Insurance Company of America. (8)
	(b) First Amendment to Note Agreement dated September 1, 2001 between the Company and Prudential Insurance Company of America. (8)
4.3	(a) 5-Year Competitive Advance, Revolving Credit and Guaranty Agreements dated as of May 9, 2005 among the Company, the Initial Lenders named therein, the banks named therein, Citibank N.A. as Administrative Agent, JPMorgan Chase Bank, N.A. as Syndication Agent
10.1	1993 Stock Option Plan (2)
10.2	1998 Stock Option Plan (1)
10.3	2002 Amended and Restated Equity Incentive Plan (9)
10.4	Restricted Stock Unit Deferral Plan
10.5	(a) Trust Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price

		Trust Company dated as of November 1, 2000. (7)
	(b)	Plan Recordkeeping Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price Trust Company dated as of November 1, 2000. (7)
10.6		Employment Agreement dated January 1, 1996 between the Company and Thomas L. Whiting (3)*
10.7		Employment Agreement dated April 20, 1998 between the Company and William R. Jellison (5)*
10.8		Employment Agreement dated September 10, 1998 between the Company and Brian M. Addison (5)*
10.9		Employment Agreement dated December 25, 2005 between the Company and Rachel P. McKinney*
10.10		Employment Agreement dated November 1, 2002 between the Company and Christopher T. Clark (10)*
10.11		Employment Agreement dated November 1, 2002 between the Company and James G. Mosch (10)*
10.12		Employment Agreement dated December 1, 2002 between the Company and Bret W. Wise (10)*
10.13		DENTSPLY International Inc. Directors' Deferred Compensation Plan effective January 1, 1997 (4)*
10.14		Board Compensation Arrangement (11)

<u>Exhibit Number</u>		<u>Description</u>
10.15		Supplemental Executive Retirement Plan effective January 1, 1999 (5)*
10.16		Written Description of the Amended and Restated Incentive Compensation Plan
10.17		AZ Trade Marks License Agreement, dated January 18, 2001 between AstraZeneca AB and Maillefer Instruments Holdings, S.A. (7)
10.18	(a)	Precious metal inventory Purchase and Sale Agreement dated November 30, 2001, as amended October 10, 2006 between Bank of Nova Scotia and the Company.
	(b)	Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between JPMorgan Chase Bank and the Company. (8)
	(c)	Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between Mitsui & Co., Precious Metals Inc. and the Company. (8)
	(d)	Precious metal inventory Purchase and Sale Agreement dated December 15, 2005 between ABN AMRO NV, Australian Branch and the Company.
14		DENTSPLY International Inc. Code of Business Conduct and Ethics
21.1		Subsidiaries of the Company
23.1		Consent of Independent Registered Public Accounting Firm - PricewaterhouseCoopers LLP
31		Section 302 Certification Statements
32		Section 906 Certification Statement

* Management contract or compensatory plan.

- (1) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 (No. 333-56093).
- (2) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 (No. 33-71792).
- (3) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, File No. 0-16211.
- (4) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, File No. 0-16211.
- (5) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 0-16211.
- (6) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 0-16211.
- (7) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, File No. 0-16211.
- (8) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, File No. 0-16211.
- (9) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 (No. 333-101548).
- (10) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, File No. 0-16211.
- (11) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, File No. 0-16211.

The Company and certain of its subsidiaries have entered into various loan and credit agreements and issued various promissory notes and guaranties of such notes, listed below, the aggregate principal amount of which is less than 10% of its assets on a consolidated basis. The Company has not filed copies of such documents but undertakes to provide copies thereof to the Securities and Exchange Commission supplementally upon request.

(1) Form of "comfort letters" to various foreign commercial lending institutions having a lending relationship with one or more of the Company's international subsidiaries.

SCHEDULE II

DENTSPLY INTERNATIONAL INC. VALUATION AND QUALIFYING ACCOUNTS FOR THE THREE YEARS ENDED DECEMBER 31, 2006

Description	Balance at Beginning of Period	Additions			Write-offs Net of Recoveries	Translation Adjustment	Balance at End of Period
		Charged (Credited) To Costs And Expenses	Charged to Other Accounts	(in thousands)			
Allowance for doubtful accounts:							
For Year Ended December 31,							
2004	\$ 16,302	\$ 2,126	\$ (133)	\$ (1,997)	\$ 926	\$ 17,224	
2005	17,224	2,063	(581)	(2,884)	(1,031)	14,791	
2006	14,791	2,148	(416)	(1,516)	1,176	16,183	
Allowance for trade discounts:							
For Year Ended December 31,							
2004	\$ 1,062	\$ 1,655	\$ (24)	\$ (1,605)	\$ 70	\$ 1,158	
2005	1,158	1,111	-	(1,781)	(20)	468	
2006	468	(25)	-	-	14	457	
Inventory valuation reserves:							
For Year Ended December 31,							
2004	\$ 33,112	\$ 3,173	\$ (2,357) (a)	\$ (7,308)	\$ 1,278	\$ 27,898	
2005	27,898	1,994	(682)	(2,360)	(1,743)	25,107	
2006	25,107	2,211	(341)	(2,180)	1,508	26,305	
Deferred tax asset valuation allowance:							
For Year Ended December 31,							
2004	\$ 10,263	\$ 11,951	\$ -	\$ (375)	\$ 1,582	\$ 23,421	
2005	23,421	16,328	-	(604)	(3,161)	35,984	
2006	35,984	12,006	-	(813)	2,202	49,379	

(a) Related primarily to the sale of Gendex.

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES SELECTED FINANCIAL DATA

	Year ended December 31,				
	2006	2005	2004	2003	2002
(in thousands, except per share amounts)					
Statement of Income Data:					
Net sales	\$ 1,810,496	\$ 1,715,135	\$ 1,694,232	\$ 1,567,994	\$ 1,415,893
Net sales without precious metal content	1,623,074	1,542,711	1,481,083	1,364,346	1,230,371
Gross profit	929,011	869,018	846,518	770,533	703,714
Restructuring, impairment and other costs (income)	7,807	232,755	7,124	3,700	(2,732)
Operating income	314,794	72,922	295,130	267,983	249,452
Income before income taxes	314,837	71,038	274,155	251,196	214,090
Net income from continuing operations	\$ 223,718	\$ 45,413	\$ 210,286	\$ 169,853	\$ 143,641
Net income from discontinued operations	-	-	42,879	4,330	4,311
Total net income	\$ 223,718	\$ 45,413	\$ 253,165	\$ 174,183	\$ 147,952
Earnings per common share - basic:					
Continuing operations	\$ 1.44	\$ 0.29	\$ 1.31	\$ 1.08	\$ 0.92
Discontinued operations	-	-	0.27	0.03	0.03
Total earnings per common share - basic	\$ 1.44	\$ 0.29	\$ 1.58	\$ 1.11	\$ 0.95
Earnings per common share - diluted					
Continuing operations	\$ 1.41	\$ 0.28	\$ 1.28	\$ 1.06	\$ 0.90
Discontinued operations	-	-	0.26	0.03	0.03
Total earnings per common share - diluted	\$ 1.41	\$ 0.28	\$ 1.54	\$ 1.09	\$ 0.93
Cash dividends declared per common share	\$ 0.14500	\$ 0.12500	\$ 0.10875	\$ 0.09850	\$ 0.09200

Weighted Average Common Shares Outstanding:					
Basic	155,229	159,191	160,775	157,646	156,360
Diluted	158,271	162,017	164,028	161,294	159,988
Balance Sheet Data:					
Cash, cash equivalents and short-term investments	\$ 65,143	\$ 434,525	\$ 506,369	\$ 163,755	\$ 25,652
Property, plant and equipment, net	329,616	316,218	399,880	371,990	313,178
Goodwill and other intangibles, net	1,063,030	1,001,827	1,261,993	1,213,960	1,134,506
Total assets	2,181,350	2,410,373	2,798,145	2,445,587	2,087,033
Total debt	370,156	682,316	852,819	812,175	774,373
Stockholders' equity	1,273,835	1,246,596	1,443,973	1,122,069	835,928
Return on average stockholders' equity	17.8%	3.4%	19.7%	17.8%	20.5%
Long-term debt to total capitalization	22.4%	35.3%	37.1%	42.0%	48.0%
Other Data:					
Depreciation and amortization	\$ 47,434	\$ 50,560	\$ 49,296	\$ 45,661	\$ 41,352
Capital expenditures	50,616	45,293	52,036	73,157	55,476
Interest expense, net	(1,683)	8,768	19,629	24,205	27,389
Cash flows from operating activities	271,855	232,769	306,259	257,992	172,983
Inventory days	96	90	92	93	100
Receivable days	57	53	47	50	49
Income tax rate	28.9%	36.1%	23.3%	32.4%	32.9%

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

In accordance with the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provided the following cautionary remarks regarding important factors which, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. All forward-looking statements made by the Company are subject to risks and uncertainties and are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements are identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate" or words of similar import.

Investors are cautioned that forward-looking statements involve risks and uncertainties which may materially affect the Company's business and prospects, and should be read in conjunction with the risk factors and uncertainties discussed within Item 1A, Part I of this Annual Report on Form 10-K as filed on February 23, 2007. Investors are further cautioned that the risk factors in Item 1A, Part I of this Annual Report on Form 10-K may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty and has no obligation to update forward-looking statements.

OVERVIEW

Dentsply International Inc. is the world's largest manufacturer of professional dental products. The Company is headquartered in the United States, and operates in more than 120 other countries, principally through its foreign subsidiaries. The Company also has strategically located distribution centers to enable it to better serve its customers and increase its operating efficiency. While the United States and Europe are the Company's largest markets, the Company serves all of the major professional dental markets worldwide.

The principal benchmarks used by the Company in evaluating its business are: (1) internal growth in the United States, Europe and all other regions; (2) operating margins of each reportable segment, (3) the development, introduction and contribution of innovative new products; (4) growth through acquisition; and (5) continued focus on controlling costs and enhancing efficiency. The Company defines "internal growth" as the increase in net sales from period to period, excluding precious metal content, the impact of changes in currency exchange rates, and the net sales, for a period of twelve months following the transaction date, of businesses that have been acquired or divested.

Management believes that an average overall internal growth rate of 4-6% is a long-term sustainable rate for the Company. This annualized growth rate expectation typically includes approximately 1-2% of price increases. The Company typically implements most of its price changes in the third or fourth quarters of the year. These price changes, other marketing and promotional programs are offered to customers from time to time in the ordinary course of business, the management of inventory levels by distributors and the implementation of strategic initiatives, may impact sales levels in a given period.

During 2006, the Company's overall internal growth was approximately 4.3% compared to 2.0% in 2005. Internal growth rates in the United States (42.4% of sales) and Europe (37.7% of sales), the largest dental markets in the world, were 1.2% and 7.4% respectively during 2006 compared to 5.2% and negative 2.7%, respectively for 2005. As discussed further within the Overview section and the Results of Continuing Operations, the internal sales growth in the United States during 2006 was negatively impacted by the implementation of the U.S.-based Strategic Partnership Program which was announced in the third quarter and implemented in the fourth quarter of 2006. Additionally, as discussed further within the Results of Continuing Operations, the internal growth rate in Europe during 2006 as compared to 2005 was favorably impacted by the lower sales levels in 2005 associated with the implementation of changes in the dental reimbursement program. The internal growth rate in all other regions during 2006, which represents approximately 19.9% of sales, was 5.6%, compared to 3.9% in 2005. Among the other regions, the Asian region, excluding Japan, has historically been one of the Company's highest growth markets and management believes it represents a long-term growth opportunity for the industry and the Company. Also within the other region is the Japanese market, which represents the third largest dental market in the world behind the United States and Germany. Although Japan's dental market growth has been weak in the past few years, as it closely parallels its economic growth, the Company also views this market as an important long-term growth opportunity, both in terms of a recovery in the Japanese economy and the opportunity to increase market share. There can be no assurance that the

Company's assumptions concerning the growth rates in its markets or the dental market generally will be correct and if such rates are less than expected, the Company's projected growth rates and results of operations may be adversely affected.

Product innovation is a key component of the Company's overall growth strategy. Historically, the Company has introduced in excess of twenty new products each year. During both 2005 and 2006, approximately thirty new products were introduced around the world, and the Company expects approximately twenty-five new products to be introduced in 2007.

New advances in technology are anticipated to have a significant influence on future products in dentistry. As a result, the Company has pursued several research and development initiatives to support this technological development, including partnerships and collaborations with various research institutions and dental schools. In addition, the Company licenses and purchases technologies developed by other third parties. Although the Company believes these activities will lead to new innovative dental products, they involve new technologies and there can be no assurance that commercialized products will be developed.

Although the professional dental market in which the Company operates has experienced consolidation, it is still a fragmented industry. The Company continues to focus on opportunities to expand the Company's product offerings through acquisition. Management believes that there will continue to be adequate opportunities to participate as a consolidator in the industry for the foreseeable future (See also Acquisition Activity in Part I, Item 1 of this Annual Report on Form 10-K). As further discussed in Note 3 to the consolidated financial statements, during 2006, the Company has purchased or obtained an equity investment in several small businesses.

The Company also remains focused on reducing costs and achieving operational efficiencies. Management expects to continue to consolidate operations or functions and reduce the cost of those operations and functions while improving service levels. In addition, the Company remains focused on enhancing efficiency through expanded use of technology and process improvement initiatives. The Company believes that the benefits from these opportunities will improve the cost structure and offset areas of rising costs such as energy, benefits, regulatory oversight and compliance and financial reporting.

During the third quarter of 2006, the Company announced that it has entered into a new U.S.-based Strategic Partnership Program, designed to significantly improve its ability to collaborate with and provide value to its key distributor partners. This program encompasses all of the Company's divisions selling through U.S. dental distributors and will result in a consolidated network of U.S. distributors that is expected to provide the Company with an increased ability to deliver greater customer-focused services to its distributor partners and dental professional end users. This consolidation will focus the Company's activities on 28 of over 200 U.S. distributors. Prior to the consolidation, these 28 distributors represented over 90% of the Company's distributor based business in the U.S. The Company believes that this initiative has provided opportunities for the 28 select distributors to build their business with the Company, while providing the Company's sales representatives with a stronger and more committed distributor network and improved customer information.

As part of this initiative, the preferred distributors in the program will provide the Company with transactional data for each of the Company's products at the end user level. The Company began to receive this information from certain distributors during the fourth quarter of 2006 and will begin receiving this information from the remaining distributors during 2007. This is critical information for the Company that previously was not available, and that will assist the Company to balance its promotional activities between end user and distributor activities. The Company believes that access to end-user transactional data for sales of all of its U.S. distributor-based products is a significant benefit that the Company anticipates will give it the ability to track purchasing behavior, to modify sales coverage patterns, to direct marketing activities and messages and to focus dealer incentives very specifically on target markets or target product groups. These benefits, along with others, are anticipated to significantly enhance the sales and marketing effectiveness for these businesses over time.

As discussed further in the Results from Continuing Operations, due to the magnitude of this strategic initiative, the results for 2006 were significantly impacted during the transition period; however, the Company anticipates that this initiative will lead to accelerated sales in the future. The impact to 2006 was a result of inventory returns and lower sales to discontinued distributors, a change in promotional activity from distributor focus to end-user focus, the contraction of dealer inventories following the price increases at the beginning of the fourth quarter, as well as expenses associated with the start-up of the U.S. Strategic Partnership Program.

PHARMACEUTICAL BUSINESS UPDATE

In early 2006, the Company made the decision to close its Chicago-based pharmaceutical manufacturing facility and to pursue the outsourcing of the production of the injectable dental anesthetic products and the non-injectable Oraqix® products that were to be produced at the plant. The decision to shut down the anesthetics manufacturing facility immediately improved short and mid-term cash flows and eliminated the uncertainty concerning FDA approval of the facility. While the Company has had supply disruptions in 2005 and 2006, and will have some supply disruptions in the future in relation to the supply of the injectable dental anesthetic products, the Company currently has contract manufacturing relationships for the supply of the injectable dental anesthetic products for most of the markets served by the Company. As there are a limited number of suppliers for the injectable dental anesthetic products sold by the Company, there can be no assurance that the Company will be able to obtain an adequate supply of its injectable dental anesthetic products in the future. The Company currently has supply agreements in place for the supply of the non-injectable Oraqix® products and has not experienced supply disruptions to date, nor does it anticipate supply disruptions of the Oraqix® products in the future.

During the third quarter of 2006, the Company sold the assets associated with the facility in exchange for cash of \$3.0 million and a long-term note receivable with a fair value of \$9.8 million. This sale resulted in the recognition of a gain of \$2.9 million. The assets sold in this transaction had been classified as available for sale beginning in the first quarter of 2006, and as such had been included in Prepaid and other current assets at their fair value less cost to sell of \$9.9 million (See also Note 15 to the consolidated financial statements)

Additionally, in connection with the shutdown of the pharmaceutical manufacturing facility, for the year ended December 31, 2006, the Company recorded net pre-tax charges of \$8.2 million for severance costs, contract termination costs and other restructuring costs associated with the closure of the facility (See also Note 15 to the consolidated financial statements). These charges are in addition to the restructuring charges of \$2.3 million that were recorded in the fourth quarter of 2005 related to employee severance cost for which the Company was contractually obligated. The restructuring activities associated with the closure of this facility were substantially completed by December 31, 2006.

FACTORS IMPACTING COMPARABILITY BETWEEN YEARS

Discontinued Operations

In the first quarter of 2004, the Company sold its Gendex equipment business and discontinued production of dental needles. The sale of the Gendex business and discontinuance of dental needle production have been accounted for as discontinued operations pursuant to Statement of Financial Accounting Standard No.

144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The results of operations for all periods presented have been restated to reclassify the results of operations for both the Gendex equipment and the dental needle businesses as discontinued operations.

Revisions to Financial Statements Related to FAS 123(R)

Effective January 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004) ("SFAS 123(R)", "Share-Based Payment," requiring that compensation cost relating to share-based payment transactions be recognized in the financial statements. Prior to January 1, 2006, the Company applied the intrinsic value method and accounted for share-based compensation to employees in accordance with Accounting Principles Board Opinion No. 25 ("APB No. 25"), "Accounting for Stock Issued to Employees," and related interpretations, which resulted in substantially all compensation related to share-based payments being recorded through equity and not in the income statement.

The Company adopted SFAS 123(R) using the modified prospective method, and accordingly, the consolidated financial statements as of and for the periods ended December 31, 2006 reflect the impact of adopting SFAS 123(R). Also in accordance with the modified prospective method of adoption, the financial statement amounts for periods prior to January 1, 2006 presented in this Annual Report on Form 10-K have not been restated to reflect the fair value method of recognizing compensation cost relating to non-qualified stock options (See also Stock Compensation in Note 1 to the consolidated financial statements).

There have been changes to the financial statements as a result of adopting SFAS 123(R) compared to applying the original provisions of SFAS 123. Income before income taxes decreased \$18.5 million. Income from continuing operations and net income decreased \$13.3 million or \$0.09 per basic share or \$0.08 per fully diluted share. Cash flows from operating activities decreased \$11.5 million and cash flows from financing activities increased \$11.5 million, as a result of excess tax benefits on options exercised during 2006 (See also Note 12 to the consolidated financial statements).

Revisions to Financial Statements Related to FAS 158

In September 2006, Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." SFAS 158, which is an amendment of SFAS No. 87, 88, 106, and 132(R), requires the Company to report the funded status of its defined benefit pension and other postretirement benefit plans on its balance sheets as a net liability or asset as of December 31, 2006. The Company adopted SFAS 158 for the December 31, 2006 year end using the prospective method as required by the statement. Using the prospective recognition of the funded status of the Company's defined benefit pension plans and other postretirement benefit plans to record previously unrecognized transition obligation, unrecognized prior service cost, and unrecognized net actuarial gains and losses on a tax effected basis had the following impact on the Company's balance sheet: a decrease in long-term assets of \$4.7 million, an increase in short-term liabilities of \$4.0 million, an increase in long-term liabilities of \$6.2 million and a net decrease to accumulated other comprehensive income of \$14.9 million. In accordance with the prospective method of adoption, the financial statement amounts for periods prior to December 31, 2006 presented in this Annual Report on Form 10-K have not been restated to reflect these changes (See also Note 14 to the consolidated financial statements).

Revisions in Classification

Certain revisions of classification have been made to prior years' data in order to conform to current year presentation.

RESULTS OF CONTINUING OPERATIONS, 2006 COMPARED TO 2005

Net Sales

The discussion below summarizes the Company's sales growth, excluding precious metal content, from internal growth and net acquisition growth, and highlights the impact of foreign currency translation. These disclosures of net sales growth provide the reader with sales results on a comparable basis between periods.

Management believes that the presentation of net sales, excluding precious metal content, provides useful information to investors because a significant portion of DENTSPLY's net sales is comprised of sales of precious metals generated through sales of the Company's precious metal alloy products, which are used by third parties to construct crown and bridge materials. Due to the fluctuations of precious metal prices and because the precious metal content of the Company's sales is largely a pass-through to customers and has minimal effect on earnings, DENTSPLY reports sales both with and without precious metal content to show the Company's performance independent of precious metal price volatility and to enhance comparability of performance between periods. The Company uses its cost of precious metal purchased as a proxy for the precious metal content of sales, as the precious metal content of sales is not separately tracked and invoiced to customers. The Company believes that it is reasonable to use the cost of precious metal content purchased in this manner since precious metal alloy sale prices are typically adjusted when the prices of underlying precious metals change.

As the presentation of net sales, excluding precious metal content, could be considered a measure not calculated in accordance with generally accepted accounting principles (a non-GAAP measure), the Company provides the following reconciliation of net sales to net sales, excluding precious metal content. The Company's definitions and calculations of net sales, excluding precious metal content, and other operating measures derived using net sales, excluding precious metal content, may not necessarily be the same as those used by other companies.

	<u>Year Ended December 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2006</u>	<u>2005</u>		
		(in millions)		
Net Sales	\$ 1,810.5	\$ 1,715.1	\$ 95.4	5.6%
Precious Metal Content of Sales	(187.4)	(172.4)	(15.0)	8.7%
Net Sales Excluding Precious Metal Content	\$ 1,623.1	\$ 1,542.7	\$ 80.4	5.2%

The net sales growth, excluding precious metal content, of 5.2% was comprised of 4.3% of internal growth, 0.6% of foreign currency translation and 0.3% related to acquisitions. The 4.3% internal growth was comprised of 1.2% in the United States, 7.4% in Europe and 5.6% for all other regions combined.

Internal Sales Growth

	December 31, 2006			December 31, 2005		
	Percentage of Sales	Internal Growth Rates	Portion of Overall Internal Growth Rate	Percentage of Sales	Internal Growth Rates	Portion of Overall Internal Growth Rate
United States	42.4%	1.2%	0.5%	43.8%	5.2%	2.3%
Europe	37.7%	7.4%	2.7%	36.7%	-2.7%	-1.0%
Other Regions	19.9%	5.6%	<u>1.1%</u>	19.5%	3.9%	<u>0.7%</u>
Overall internal growth rate			4.3%			2.0%

United States

The internal sales growth of 1.2%, excluding precious metal content, in the United States was a result of moderate growth in the specialty dental category, partially offset by lower sales in the dental consumable and dental laboratory product categories. This below average growth rate was mainly the result of the internal growth rate of negative 5.5% in the fourth quarter of 2006 that was primarily attributable to the impacts of the U.S. Strategic Partnership Program that was announced at the end of the third quarter and implementation in the fourth quarter of 2006. In line with expectations, the fourth quarter internal sales growth for the United States region was significantly impacted by the lower sales to discontinued distributors, the contraction of distributor inventories as a result of the use of residual inventories purchased during the third quarter ahead of the early fourth quarter price increase, the balancing of promotional activities between distributors and end-users, as well as the contraction of dealer inventories as a result of the U.S. Strategic Partnership Program. The impact from these items primarily related to the dental consumable and the dental laboratory product categories.

In addition to the impact from the items discussed above, the full year internal growth rate in the United States dental laboratory product category was unfavorably impacted by the consolidation of distributors, particularly with regard to tooth products.

Europe

In Europe, the internal sales growth of 7.4%, excluding precious metal content, was driven by the continued strong sales growth in the endodontic, orthodontic and implant products within the dental specialty product category. The growth rate was partially offset by lower growth in the dental laboratory product category, particularly in Germany, where the Company believes that the market continues to be negatively impacted by reimbursement changes enacted in 2005 and by a significant contraction in the precious metal alloy market due to the dramatic increase in the price of precious metals over the past few years. In 2006, the Company overcame these market issues in part through the introduction of new technologies and the continued strong growth of its all ceramic crown and bridge product branded Cercon®.

All Other Regions

The internal growth of 5.6% in all other regions was largely the result strong growth in the dental specialty category in most countries included in the other regions, primarily led by Asia, Latin America, Canada, Japan and Australia. In addition, during 2006 the Asia, Middle East and Australia regions experienced strong internal sales growth in the dental consumable product category, partially offset by lower sales in the consumable product category for the Japan and Canada regions. Finally, the Latin America and Middle East regions experienced strong internal growth in the dental laboratory product category, partially offset by lower sales in the dental laboratory product category in the Canada and Australia regions.

Gross Profit

	Year Ended December 31,		\$ Change	% Change
	2006	2005		
Gross Profit	\$ 929.0	\$ 869.0	\$ 60.0	6.9%
Gross Profit as a percentage of net sales including precious metal content	51.3%	50.7%		
Gross Profit as a percentage of net sales excluding precious metal content	57.2%	56.3%		

The 0.9% increase from 2005 to 2006 in the gross profit as a percentage of net sales, excluding precious metal content, was primarily due to favorable shifts in the product and geographic mix, improved leveraging of resources, lean manufacturing initiatives as well as a reduction in expenditures as a result of the Company's decision to close its Chicago-based pharmaceutical manufacturing facility. These favorable impacts were partially offset by the short-term impact on sales in the fourth quarter of 2006 from the implementation of the U.S. Strategic Partnership Program.

Expenses

	Year Ended December 31,		\$ Change	% Change
	2006	2005		
Selling, general & administrative expenses ("SG&A")	\$ 606.4	\$ 563.3	\$ 43.1	7.7%
Restructuring, impairment and other costs (income), net	\$ 7.8	\$ 232.8	\$ (225.0)	-96.6%

SG&A Expenses

The 7.7% increase in SG&A expenses reflects additional SG&A expenses of \$1.3 million from acquired companies and increases from unfavorable currency translation impacts of approximately \$3.0 million. The unfavorable currency translation impacts were caused by higher average foreign currency exchange rates for the full year of 2006 versus full year 2005 when translating the expenses from the local currencies in which the Company's subsidiaries conduct operations, into United States Dollars. SG&A expenses, measured against sales, including precious metal content, increased to 33.5% compared to 32.8% in 2005. SG&A expenses, as measured as a percentage of sales, excluding precious metal content, increased to 37.4% compared to 36.5% in 2005. The 2006 expense ratio was negatively impacted by \$18.5 million of pre-tax stock-based compensation expense as a result of the adoption of SFAS 123(R) on January 1, 2006, as well as costs related to the implementation of the U.S. Strategic Partnership Program and the merger of the U.S. endodontic and implant divisions. This increase in expenses was partially offset by the favorable impact of the decision to shut down the pharmaceutical manufacturing facility in Chicago. The 2005 expense ratio was negatively impacted as a result of higher expense levels in 2005 related to costs associated with the global tax project and the biennial International Dental Show ("IDS").

Restructuring, Impairment and Other Costs (Income), Net

During 2006, the Company recorded net restructuring, impairment and other costs of \$7.8 million. The net costs of \$7.8 million were primarily for additional restructuring costs incurred related to the decision to shut down the pharmaceutical manufacturing facility in Chicago, Illinois. Additionally, these costs were also related to the consolidation of certain U.S. and European selling and production facilities that were initiated during 2006 and the fourth quarter of 2005 in order to better leverage the Company's resources. The restructuring plan related to the pharmaceutical facility closure was substantially complete at December 31, 2006 and the restructuring plans related to the consolidation of certain U.S. and European selling and production facilities are expected to be fully completed during 2007 with anticipated future restructuring charges approximately \$2.0 million, which will be expensed in 2007. These restructuring costs were partially offset by the gain of \$2.9 million on the sale of the assets previously associated with the pharmaceutical manufacturing facility which the Company had announced in early 2006 that it would be closing. Additionally, these costs were further offset by the gain of \$1.0 million on the sale of assets associated with a German manufacturing facility which was closed down in 1998 as part of a restructuring plan (See also Note 15 to the consolidated financial statements).

During 2005, the Company recorded restructuring and other costs of \$232.8 million. This amount was mainly attributable the impairment of the indefinite-lived injectable anesthetic intangible acquired from AstraZeneca in 2001 as well as the impairment of the fixed assets associated with the pharmaceutical manufacturing facility. Included in the \$232.8 million charge were restructuring charges of \$3.1 million that were recorded during 2005 largely as a result of the decision to shut down the anesthetic manufacturing facility in Chicago Illinois. These costs were partially offset by a change in estimate of \$1.2 million primarily related to the reversal of accrued severance costs associated with the 2004 European Shared Services Center that were no longer necessary.

Other Income and Expenses

	Year Ended December 31,		
	2006	2005	\$ Change
	(in millions)		
Net interest (income) expense	\$ (1.6)	\$ 8.8	\$ (10.4)
Other (income) expense, net	1.6	(6.9)	8.5
Net interest & other (income) expense	\$ -	\$ 1.9	\$ (1.9)

Net Interest (Income) Expense

The change from net interest expense in 2005 to net interest income in 2006 was mainly the result of the effectiveness of the Company's cross currency interest rate swaps designated as net investment hedges, lower average debt levels and higher average cash, cash equivalents and short-term investment levels. The cross currency interest rate swaps were put into place throughout 2005 and the first quarter of 2006.

Other (Income) Expense, Net

Other (Income) Expense in the 2006 period included \$0.1 million of currency transaction losses and \$1.5 million of other non-operating losses. The 2005 period included \$6.7 million of currency transaction gains and \$0.2 million of other non-operating gains. The currency transaction gain in 2005 was primarily the result of a transaction involving the transfer in 2005 of intangible assets between legal entities with different functional currencies. Exchange transaction gains or losses occur from movement of foreign currency rates between the date of the transaction and the date of final financial settlement.

Income Taxes and Net Income

	Year Ended December 31,		
	2006	2005	\$ Change
	(in millions, except per share data)		
Income Tax Rates	28.9%	36.1%	
Net Income	\$ 223.7	\$ 45.4	\$ 178.3
Earnings per common share:			
- Diluted	\$ 1.41	\$ 0.28	

Income Taxes

The Company's effective tax rates for 2006 and 2005 were 28.9% and 36.1%, respectively. Management believes that the operating tax rate for 2007 will be in the range of 30.5% to 31.5%. The Company benefited from various tax adjustments of \$4.8 million and \$8.9 million in 2006 and 2005, respectively.

Net Income

Fully diluted earnings per share from continuing operations during 2006 were \$1.41 compared to \$0.28 during the same period in 2005. Net income for the 2006 period included the after tax impact of expensing stock options of \$13.3 million, or \$0.08 per diluted share, the after tax impact from restructuring costs of \$5.0 million, or \$0.03 per diluted share and a net tax benefit of \$4.8 million or \$0.03 per diluted share due to tax related adjustments. The net income for the 2005

period included the negative after tax impact of \$178.9 million, or \$1.10 per diluted share from impairment and restructuring charges primarily associated with the injectable anesthetic facility and indefinite-lived intangible assets. The negative impacts during the 2005 period related to the impairment and restructuring charges were partially offset by net non-recurring benefits related to tax reorganization and repatriation activities of \$8.9 million, or \$0.05 per diluted share. Stock option expense was not included in net income until January 1, 2006 upon the Company's adoption of SFAS 123(R).

Operating Segment Results

In January 2006, the Company revised its operating group structure into three operating groups from the four groups under the prior management structure. These three operating groups are managed by three Senior Vice Presidents and represent the Company's operating segments. Each of these operating groups covers a wide range of product categories and geographic regions. The product categories and geographic regions often overlap across the groups. Further information regarding the details of each group is presented in Note 4 to the consolidated financial statements. The management of each group is evaluated for performance and incentive compensation purposes on net third party sales, excluding precious metal content, and segment operating income. In January 2007, the Company revised its operating group structure and expanded into four operating groups. Segment information will be reflected under this revised structure beginning in the first quarter of 2007.

Net Sales, excluding precious metal content

	Year Ended December 31,		<u>\$ Change</u>	<u>% Change</u>
	<u>2006</u>	<u>2005</u>		
	(in millions)			
U.S., Europe, CIS, Middle East, Africa Consumable Business/Canada	\$ 604.2	\$ 578.7	\$ 25.5	4.4%
Australia/Latin America/Endodontics/ Non-dental	\$ 366.2	\$ 357.8	\$ 8.4	2.3%
Dental Laboratory Business/Implants/ Orthodontics/Japan/Asia	\$ 656.7	\$ 609.3	\$ 47.4	7.8%

Segment Operating Income

	Year Ended December 31,		<u>\$ Change</u>	<u>% Change</u>
	<u>2006</u>	<u>2005</u>		
	(in millions)			
U.S., Europe, CIS, Middle East, Africa Consumable Business/Canada	\$ 148.6	\$ 122.0	\$ 26.6	21.7%
Australia/Latin America/Endodontics/ Non-dental	\$ 148.7	\$ 146.8	\$ 1.9	1.3%
Dental Laboratory Business/Implants/ Orthodontics/Japan/Asia	\$ 116.2	\$ 100.8	\$ 15.4	15.3%

U.S., Europe, CIS, Middle East, Africa Consumable Business/Canada

The net sales growth, excluding precious metal content, of 4.4% for this segment in 2006 was made up of internal growth of 3.6% and favorable currency translation of 0.8%. Strong internal growth was shown in the European Consumable business of this segment. The sales growth for the U.S. Dental Consumable Business was slightly positive. As previously discussed, the lower growth in the U.S. Dental Consumable Business is a result of the lower sales to discontinued distributors, the contraction of distributor inventories as a result of the use of residual inventories purchased during the third quarter ahead of the early fourth quarter price increases, the balancing of promotional activities between distributors and end-users, as well as the contraction of dealer inventories largely as a result of the U.S. Strategic Partnership Program. Also as discussed previously, while the 2006 results were impacted during the implementation of this strategic initiative, the Company anticipates that this initiative will lead to accelerated sales in the future.

The increase of 21.7% in operating income for this segment was driven by increased sales, improved product and geographical mix, and the elimination of the prior year's non-capitalized start-up costs associated with the pharmaceutical plant in Chicago.

Australia/Latin America/Endodontics/Non-dental

The net sales growth of 2.3% in 2006 for this segment consists of internal growth of 1.4% and favorable currency translation of 0.9%. Strong growth was shown in the non-dental businesses along with continued growth in the Endodontic businesses, offset by slower growth in the Australia business and weakness in the Latin America business. The Latin America business was significantly impacted by weakness in the Brazil business. The slower growth in the Australian business was due to the impact of shortages of injectable anesthetics products as a result of the decision to shut down the pharmaceutical manufacturing facility. While the Australian business was negatively impacted by the shortages of injectable anesthetics products for the full year in 2006, the fourth quarter of 2006 showed significant recovery as a result of a new supply agreement being put into place in the early part of the fourth quarter. The Company anticipates that this recovery will continue into 2007.

The 1.3% increase in operating profit for this segment during 2006 was primarily related to the sales growth within the segment and was partially offset by the negative impact of currency translation on costs and expenses.

Dental Laboratory Business/Implants/Orthodontics/Japan/Asia

The net sales growth of 7.8% in 2006 for this segment consists of internal growth of 6.8%, favorable currency translation of 0.2% and acquisition related growth of 0.8%. Significant growth occurred in the Implant, Orthodontics and Asia businesses, all of which were partially offset by lower sales growth in the Japan business and the continued weakness in the precious metal alloy category within the Dental Laboratory business. The precious metal alloy category was negatively impacted by the reimbursement changes enacted in Germany during 2005 and the dramatic increase in the price of precious metals, which have led to patients choosing lower cost alternatives such as non-precious metals or all ceramics. While the Dental Laboratory business has seen a significant sales growth in Cercon®, the Company's all ceramic alternative; its growth has not fully offset the previous decline in precious metal restorations. In addition, the Company believes that the internal sales growth within the U.S. region of the Dental Laboratory Business was negatively impacted as a result of the consolidation of distributors, particularly with regard to tooth products, as well as the sales returns associated with the U.S. Strategic Partnership Program.

The increase of 15.3% in operating income for this segment was primarily driven by the sales growth in the Implant, Orthodontic and Asian businesses. In addition, operating income was positively impacted by currency translation.

RESULTS OF CONTINUING OPERATIONS, 2005 COMPARED TO 2004

Net Sales

The discussion below summarizes the Company's sales growth, excluding precious metal content, from internal growth and net acquisition growth and highlights the impact of foreign currency translation. These disclosures of net sales growth provide the reader with sales results on a comparable basis between periods.

Management believes that the presentation of net sales, excluding precious metal content, provides useful information to investors because a significant portion of DENTSPLY's net sales is comprised of sales of precious metals generated through sales of the Company's precious metal alloy products, which are used by third parties to construct crown and bridge materials. Due to the fluctuations of precious metal prices and because the precious metal content of the Company's sales is largely a pass-through to customers and has minimal effect on earnings, DENTSPLY reports sales both with and without precious metal content to show the Company's performance independent of precious metal price volatility and to enhance comparability of performance between periods. The Company uses its cost of precious metal purchased as a proxy for the precious metal content of sales, as the precious metal content of sales is not separately tracked and invoiced to customers. The Company believes that it is reasonable to use the cost of precious metal content purchased in this manner since precious metal alloy sales prices are typically adjusted when the prices of underlying precious metals change.

As the presentation of net sales, excluding precious metal content, could be considered a measure not calculated in accordance with generally accepted accounting principles (a non-GAAP measure), the Company provides the following reconciliation of net sales to net sales, excluding precious metal content. The Company's definitions and calculations of net sales, excluding precious metal content, and other operating measures derived using net sales, excluding precious metal content, may not necessarily be the same as those used by other companies.

	Year Ended December 31,		\$ Change	% Change
	2005	2004		
	(in millions)			
Net Sales	\$ 1,715.1	\$ 1,694.2	\$ 20.9	1.2%
Precious Metal Content of Sales	(172.4)	(213.1)	40.7	-19.1%
Net Sales Excluding Precious Metal Content	\$ 1,542.7	\$ 1,481.1	\$ 61.6	4.2%

The sales growth, excluding precious metal content, of 4.2% was comprised of 2.0% internal growth, 1.6% related to acquisitions and 0.6% due to foreign currency translation. The 2.0% internal growth was comprised of 5.2% in the United States, negative 2.7% in Europe and 3.9% for all other regions combined.

Internal Sales Growth

	December 31, 2005			December 31, 2004		
	Percentage of Sales	Internal Growth Rates	Portion of Overall Internal Growth Rate	Percentage of Sales	Internal Growth Rates	Portion of Overall Internal Growth Rate
United States	43.8%	5.2%	2.3%	43.0%	3.4%	1.5%
Europe	36.7%	-2.7%	-1.0%	38.1%	4.1%	1.6%
Other Regions	19.5%	3.9%	0.7%	18.9%	5.2%	0.9%
Overall internal growth rate			2.0%			4.0%

United States, Europe and All Other Regions

The 5.2% internal sales growth, excluding precious metal content, in the United States was driven by strong growth in the dental consumable and dental specialty product categories, offset somewhat by lower sales in the dental laboratory product category. In Europe, the negative 2.7% internal growth resulted from lower sales in the dental laboratory category partially offset by strong growth in the specialty dental and dental consumables product categories. The decrease in the laboratory category was primarily related to reimbursement changes in the German dental market prosthetic procedures which became effective in 2005. The internal growth of 3.9% in all other regions was largely the result of strong growth in the Asian and Latin American regions, partially offset by lower sales growth in the Middle East, Australia and Canada.

Gross Profit

	Year Ended December 31,		\$ Change	% Change
	2005	2004		
	(in millions)			
Gross Profit	\$ 869.0	\$ 846.5	\$ 22.5	2.7%

Gross Profit as a percentage of net sales including precious metal content	50.7%	50.0%
Gross Profit as a percentage of net sales excluding precious metal content	56.3%	57.2%

The 0.9% decrease in gross profit as a percentage of net sales, excluding precious metals content, from 2005 to 2004 was primarily related to the decrease in the laboratory product sales in Europe as discussed previously and costs related to the anesthetic manufacturing facility, partially offset by the impact of new products and manufacturing improvements in many of the Company's businesses.

Expenses

	Year Ended December 31,		<u>\$ Change</u>	<u>% Change</u>
	<u>2005</u>	<u>2004</u>		
	(in millions)			
Selling, general & administrative expenses ("SG&A")	\$ 563.3	\$ 544.3	\$ 19.0	3.5%
Restructuring, impairment and other costs (income), net	\$ 232.8	\$ 7.1	\$ 225.7	nm

SG&A Expenses

The 3.5% increase in SG&A expenses reflects additional SG&A expenses of \$11.1 million from acquired companies and increases from unfavorable translation impacts of approximately \$2.5 million. The unfavorable translation impacts were caused by higher average foreign currency exchange rates for the full year of 2005 versus full year 2004 when translating the expenses from the local currencies in which the Company's subsidiaries conduct operations, into United States Dollars. SG&A expenses, measured against sales, including precious metal content, increased to 32.8% compared to 32.1% in 2004. SG&A expenses, as measured against sales, excluding precious metal content, decreased to 36.5% compared to 36.7% in 2004. The higher expense ratio in 2005 measured against sales, including precious metal content, is primarily the result of lower precious metal sales in 2005 versus 2004 due to the changes in the German reimbursements as previously discussed. The higher expense level in 2004 measured against sales, excluding precious metal content, was primarily related to higher litigation settlement costs, costs related to the Sarbanes-Oxley compliance and costs related to the launch of the Oraqix® product in 2004. In 2005, the Company continued to efficiently manage expenses, including research and development costs, which served to further reduce expenses. These reductions were partially offset by increased costs in 2005 related to the biennial IDS and the initiation of a global tax project.

Restructuring Impairment and Other (Income) Costs, Net

During 2005, the Company recorded restructuring, impairment and other costs of \$232.8 million. This amount is primarily attributable to the impairment of the indefinite-lived injectable anesthetic intangible acquired from AstraZeneca in 2001 as well as the impairment of the fixed assets associated with the pharmaceutical manufacturing facility. This impairment charge was recorded as a result of event driven impairment analyses conducted in accordance with Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets," and Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets" (See also Note 15 to the consolidated financial statements). Included in the \$232.8 million charge are restructuring charges of \$3.1 million that were recorded during 2005 primarily as a result of the decision to shut down the anesthetics manufacturing facility in Chicago Illinois. These costs were partially offset by a change in estimate of \$1.2 million primarily related to the reversal of accrued severance costs associated with the 2004 European Shared Services Center that were no longer necessary.

During 2004, the Company recorded restructuring and other costs of \$7.1 million. These costs were primarily related to the creation of a European Shared Services Center in Yverdon, Switzerland, and the consolidation of certain sales/customer service and distribution facilities in Europe and Japan. The primary objective of these restructuring initiatives is to improve operational efficiencies and to reduce costs within the related businesses. These plans are expected to be fully complete during 2007. In addition, restructuring costs were incurred related to the closure of the Company's European central warehouse in Nijmegen, The Netherlands, and transfer of this function to a Company-operated facility in Radolfzell, Germany, which was substantially completed during the first quarter of 2004. This transfer was completed in an effort to improve customer service levels and reduce costs. The Company also incurred additional charges related to the consolidation of its U.S. laboratory businesses, which was initiated in the fourth quarter of 2003. The Company made the decision to consolidate the United States laboratory businesses in order to improve operational efficiencies, to broaden customer penetration and to strengthen customer service. This plan was substantially complete at the end of 2004.

Other Income and Expenses

	Year Ended December 31,		<u>\$ Change</u>
	<u>2005</u>	<u>2004</u>	
	(in millions)		
Net interest expense	\$ 8.8	\$ 19.7	\$ (10.9)
Other (income) expense, net	(6.9)	1.3	(8.2)
Net interest & other expense	\$ 1.9	\$ 21.0	\$ (19.1)

Net Interest (Income) Expense

The decrease in net interest expense from 2004 to 2005 was primarily due to increased interest income generated from the Company's higher average cash, cash equivalents and short-term investment levels, lower average debt levels and the effectiveness of the cross currency interest rate swaps designated as net investment hedges, put into place in the first and fourth quarters of 2005.

Other (Income) Expense, Net

Other (income) expense, net in the 2005 period included \$6.7 million of currency transaction gains and \$0.2 million of other non-operating gains. The 2004 period included \$1.2 million of currency transaction losses and \$0.1 million of other non-operating costs. The increase in currency transaction gains from 2004 to 2005 was primarily the result of a transaction involving the transfer in 2005 of intangible assets between legal entities with different functional currencies. Exchange transaction gains or losses occurred from movement of foreign currency rates between the date of the transaction and the date of final financial settlement.

Income Taxes and Net Income

	Year Ended December 31,		<u>\$ Change</u>
	<u>2005</u>	<u>2004</u>	
	(in millions, except per share data)		
Income Tax Rates	36.1%	23.3%	
Net Income	\$ 45.4	\$ 253.2	\$ (207.8)
Earnings per common share:			
- Diluted	\$ 0.28	\$ 1.54	

Income Taxes

The Company's effective tax rates for 2005 and 2004 were 36.1% and 23.3%, respectively. During 2005, the Company recorded a tax charge of \$4.6 million from the repatriation under the American Jobs Creation Act of 2004, a tax charge of \$7.6 million related to the effects of foreign earnings, and a tax benefit of \$11.0 million from the release of deferred tax liabilities related to the undistributed earnings of foreign earnings due to the availability of foreign tax credits.

Net Income

The 2005 net income includes after tax impairment and restructuring charges primarily associated with the injectable anesthetic facility and indefinite-lived intangible assets of \$178.9 million. The negative impacts of the impairment and restructuring charges were partially offset by net non-recurring benefits related to tax reorganization and repatriation activities of \$8.9 million. Income from continuing operations and diluted earnings per share from continuing operations in 2004 included after tax charges of \$5.0 million relating to restructuring activities, and a net income tax benefit of \$19.5 million, primarily related to adjustments and settling audits of tax returns.

Discontinued Operations

In February 2004, the Company sold its Gendex equipment. Also in the first quarter of 2004, the Company discontinued production of dental needles. Accordingly, the Gendex equipment and needle businesses have been reported as discontinued operations for all periods presented.

There was no income from discontinued operations during 2005 and \$42.9 million in 2004. Fully diluted earnings per share from discontinued operations were \$0.26 for 2004. The income from discontinued operations in 2004 was almost entirely related to the gain realized on the sale of Gendex business.

Operating Segment Results

In January 2006, the Company revised its operating group structure into three operating groups from the four groups under the prior management structure. These three operating groups are managed by three Senior Vice Presidents and represent the Company's operating segments. Each of these operating groups covers a wide range of product categories and geographic regions. The product categories and geographic regions often overlap across the groups. Further information regarding the details of each group is presented in Note 4 to the consolidated financial statements. The management of each group is evaluated for performance and incentive compensation purposes on net third party sales, excluding precious metal content, and segment operating income. In January 2007, the Company revised its operating group structure and expanded into four operating groups. Segment information will be reflected under this revised structure beginning in the first quarter of 2007.

Net Sales, excluding precious metal content

	Year Ended December 31,		<u>\$ Change</u>	<u>% Change</u>
	<u>2005</u>	<u>2004</u>		
	(in millions)			
U.S., Europe, CIS, Middle East, Africa Consumable Business/Canada	\$ 578.7	\$ 545.5	\$ 33.2	6.1%
Australia/Latin America/Endodontics/ Non-dental	\$ 357.8	\$ 337.4	\$ 20.4	6.1%
Dental Laboratory Business/Implants/ Orthodontics/Japan/Asia	\$ 609.3	\$ 601.5	\$ 7.8	1.3%

Segment Operating Income

	Year Ended December 31,		<u>\$ Change</u>	<u>% Change</u>
	<u>2005</u>	<u>2004</u>		
	(in millions)			
U.S., Europe, CIS, Middle East, Africa Consumable Business/Canada	\$ 122.0	\$ 123.7	\$ (1.7)	-1.3%
Australia/Latin America/Endodontics/ Non-dental	\$ 146.8	\$ 143.5	\$ 3.3	2.3%

U.S., Europe, CIS, Middle East, Africa Consumable Business/Canada

Net sales for this group increased 6.1% in 2005 compared to 2004. The 6.1% growth rate consisted of internal growth of 5.6% and currency translation of 0.5%. The 5.6% internal growth rate was primarily attributable to the consumable products businesses, including the Oraqix® product which was launched during the fourth quarter of 2004.

Operating income for this segment decreased 1.3% during 2005 compared to 2004. The decrease was related to non-capitalizable costs associated with the pharmaceutical plant in Chicago, partially offset by strong margins on improved sales in the consumable products businesses. In addition, operating profit benefited slightly from currency translation.

During 2005, the Company recorded a \$233.1 million (\$179.6 million after tax) impairment and restructuring charge against the indefinite-lived injectable anesthetic assets and the long-lived assets associated with the pharmaceutical manufacturing facility (See also Pharmaceutical Business Update section in the MD&A and Note 15 to the consolidated financial statements). This impairment did not impact the Company's needle-free Oraqix® product.

Australia/Latin America/Endodontics/Non-dental

Net sales for this group increased 6.1% during 2005 compared to 2004. The 6.1% sales growth was comprised of internal growth of 4.2% and currency translation of 1.9%. Solid growth was shown in the endodontic business, the non-dental business and the Latin American businesses, offset slightly by decreases in the Australian business.

Operating income for this segment increased 2.3% during 2005 compared to 2004. The increase was primarily related to the continued strength of the endodontic business, offset slightly by decreases in Australia and Brazil. Australia was negatively impacted by interruptions in the anesthetic supply.

Dental Laboratory Business/Implants/Orthodontics/Japan/Asia

Net sales for this group increased 1.3% during 2005 compared to 2004. The 1.3% growth rate consisted of internal growth of negative 2.8%, offset by favorable currency translation of 0.1% and growth of 4.0% due to acquisitions. Significant growth in the implant, orthodontic, Japanese and Asian businesses, was more than offset by weakness in the European laboratory markets. Changes in German reimbursement programs related to prosthetic procedures, as discussed earlier, resulted in lower sales in Germany during 2005 which was the primary driver of the negative 2.8% internal sales growth.

Operating income for this segment decreased 2.5% during 2005 compared to 2004, primarily from the weakness in the European laboratory markets due to the change in the German reimbursement program.

FOREIGN CURRENCY

Since approximately 55% of the Company's 2006 revenues were generated in currencies other than the U.S. dollar, the value of the U.S. dollar in relation to those currencies affects the results of operations of the Company. The impact of currency fluctuations in any given period can be favorable or unfavorable. The impact of foreign currency fluctuations of European currencies on operating income is partially offset by sales in the U.S. of products sourced from plants and third party suppliers located overseas, principally in Germany and Switzerland. On a net basis, net income benefited from changes in currency translation in 2006 and 2005 compared to prior years.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The Company has identified below the accounting estimates believed to be critical to its business and results of operations. These critical estimates represent those accounting policies that involve the most complex or subjective decisions or assessments.

Goodwill and Other Long-Lived Assets

The Company follows Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets," which requires that at least an annual impairment test be applied to goodwill and indefinite-lived intangible assets. The Company performs impairment tests on at least an annual basis using a fair value approach rather than an evaluation of the undiscounted cash flows. If impairment related to goodwill is identified under SFAS 142, the resulting charge is determined by recalculating goodwill through a hypothetical purchase price allocation of the fair value and reducing the current carrying value to the extent it exceeds the recalculated goodwill. If impairment is identified on indefinite-lived intangibles, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

Other long-lived assets, such as identifiable intangible assets and fixed assets, are amortized or depreciated over their estimated useful lives. In accordance with Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets," these assets are reviewed for impairment whenever events or circumstances provide evidence that suggest that the carrying amount of the asset may not be recoverable with impairment being based upon an evaluation of the identifiable undiscounted cash flows. If impaired, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

Assessment of the potential impairment of goodwill, indefinite-lived intangible assets and long-lived assets is an integral part of the Company's normal ongoing review of operations. Testing for potential impairment of these assets is significantly

dependent on numerous assumptions and reflects management's best estimates at a particular point in time. The dynamic economic environments in which the Company's businesses operate and key economic and business assumptions with respect to projected selling prices, increased competition and introductions of new technologies can significantly affect the outcome of impairment tests. Estimates based on these assumptions may differ significantly from actual results. Changes in factors and assumptions used in assessing potential impairments can have a significant impact on the existence and magnitude of impairments, as well as the time at which such impairments are recognized. If there are unfavorable changes in these environments or assumptions, future cash flows, the key variable in assessing the impairment of these assets, may decrease and as a result the Company may be required to recognize impairment charges. Future changes in the environment and the economic outlook for the assets being evaluated could also result in additional impairment charges being recognized. Information with respect to the Company's significant accounting policies on long-lived assets is included in Note 1 to the consolidated financial statements.

Inventories

Inventories are stated at the lower of cost or market. The cost of inventories is determined primarily by the first-in, first-out ("FIFO") or average cost methods, with a small portion being determined by the last-in, first-out ("LIFO") method. The Company establishes reserves for inventory estimated to be obsolete or unmarketable equal to the difference between the cost of inventory and estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those anticipated, additional inventory reserves may be required.

Accounts Receivable

The Company sells dental equipment and supplies both through a worldwide network of distributors and directly to end users. For customers on credit terms, the Company performs ongoing credit evaluation of those customers' financial condition and generally does not require collateral from them. The Company establishes allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, their ability to make required payments may become impaired, and increases in these allowances may be required. In addition, a negative impact on sales to those customers may occur.

Accruals for Product Returns, Customer Rebates and Product Warranties

The Company makes provisions for customer returns, customer rebates and for product warranties at the time of sale. These accruals are based on past history, projections of customer purchases and sales and expected product performance in the future. Because the actual results for product returns, rebates and warranties are dependent in part on future events, these matters require the use of estimates. The Company has a long history of product performance in the dental industry and thus has an extensive knowledge base from which to draw in measuring these estimates.

Income Taxes

Income taxes are determined using the liability method of accounting for income taxes in accordance with Statement of Financial Accounting Standard No. 109 ("SFAS 109"), "Accounting for Income Taxes". Under SFAS 109, tax expense includes U.S. and international income taxes plus the provision for U.S. taxes on undistributed earnings of international subsidiaries not deemed to be permanently invested.

Certain items of income and expense are not reported in tax returns and financial statements in the same year. The tax effect of such temporary differences is reported as deferred income taxes. Deferred tax assets are recognized if it is more likely than not that the assets will be realized in future years. The Company establishes a valuation allowance for deferred tax assets for which realization is not likely. As of December 31, 2006, the Company recorded a valuation allowance of \$49.4 million against the benefit of certain net operating loss carryforwards of foreign and domestic subsidiaries.

The Company operates within multiple taxing jurisdictions and in the normal course of business is examined in various jurisdictions. Tax accruals related to the estimated outcome of these examinations are recorded in accordance with Statement of Financial Standards No. 5 ("SFAS 5"), "Accounting for Contingencies". The reversal of the accruals is recorded when examinations are completed, statutes of limitation are closed or tax laws are changed.

Pension and Other Postretirement Benefits

Substantially all of the employees of the Company and its subsidiaries are covered by government or Company-sponsored defined benefit or defined contribution plans. Additionally, certain union and salaried employee groups in the United States are covered by postretirement healthcare plans. Costs for Company-sponsored plans are based on expected return on plan assets, discount rates, employee compensation increase rates and health care cost trends. Expected return on plan assets, discount rates, and health care cost trend assumptions are particularly important when determining the Company's benefit obligations and net periodic benefit costs associated with postretirement benefits. Changes in these assumptions can impact the Company's pretax earnings. In determining the cost of postretirement benefits, certain assumptions are established annually to reflect market conditions and plan experience to appropriately reflect the expected costs as actuarially determined. These assumptions include medical inflation trend rates, discount rates, employee turnover and mortality rates. In establishing its discount rates, the Company predominantly uses observed indices of high-grade corporate bond yields with durations that are equivalent to the expected duration of the underlying liability. The discount rate for each plan is based on observed corporate bond yield indices in the respective economic region covered by the plan. The expected return on plan assets is the weighted average long-term expected return based upon asset allocations and historic average returns for the markets where the assets are invested, principally in foreign locations. Additional information related to the impact of changes in these assumptions is provided in Note 14 to the consolidated financial statements.

In September 2006, FASB issued Statement of Financial Accounting Standards No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." SFAS 158, which is an amendment of SFAS No. 87, 88, 106, and 132(R), requires the Company to report the funded status of its defined benefit pension and other postretirement benefit plans on its balance sheets as a net liability or asset as of December 31, 2006. The Company adopted SFAS 158 for the December 31, 2006 year end using the prospective method as required by the statement. Using the prospective recognition of the funded status of the Company's defined benefit pension plans and other postretirement benefit plans to record previously unrecognized transition obligation, unrecognized prior service cost, and unrecognized net actuarial gains and losses on a tax effected basis had the following impact on the Company's balance sheet: a decrease in long-term assets of \$4.7 million, an increase in short-term liabilities of \$4.0 million, an increase in long-term liabilities of \$6.2 million and a net decrease to accumulated other comprehensive income of \$14.9 million. In accordance with the prospective method of adoption, the financial statement amounts for periods prior to December 31, 2006 presented in this Annual Report on Form 10-K have not been restated to reflect these changes (See also Note 14 to the consolidated financial statements).

Derivative Financial Instruments

The Company adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," on January 1, 2001. This standard, as amended by SFAS 138 and 149, requires that all derivative instruments be recorded on the balance sheet at their fair value and that changes in fair value be recorded each period in current earnings or comprehensive income.

The Company employs derivative financial instruments to hedge certain anticipated transactions, firm commitments, or assets and liabilities denominated in foreign currencies. Additionally, the Company utilizes interest rate swaps to convert floating rate debt to fixed rate, fixed rate debt to floating rate, cross currency basis swaps to convert debt denominated in one currency to another currency, and commodity swaps to fix its variable raw materials costs.

Litigation

The Company and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company records liabilities when a loss is probable and can be reasonably estimated. These estimates made by management are based on an analysis made by internal and external legal counsel who considers information known at the time. The Company believes it has estimated any liabilities for probable losses well in the past; however, the unpredictability of court decisions could cause liability to be incurred in excess of estimates. Legal costs related to these lawsuits are expensed as incurred.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities during the year ended December 31, 2006 were \$271.9 million compared to \$232.8 million during the year ended December 31, 2005. The increase of \$39.1 million was primarily the result of higher earnings in the 2006 period and working capital changes that were not as unfavorable in the 2006 period as they were in the 2005 period. These increases were partially offset by the payment of approximately \$23.0 million in taxes during 2006, primarily associated with the 2005 repatriation of earnings. While net income was \$178.3 million higher than the prior year on an as reported basis, the net income for 2005 included the non-cash impairment charge of \$111.6 related to the impairment of the pharmaceutical facility and the net income for 2006 includes non-cash charges of \$13.3 million related to stock-based compensation expense due to the adoption of SFAS 123(R) on January 1, 2006. With regard to the working capital changes, while the impact of working capital changes during the year ended 2006 were still negative, they were less negative than 2005. The working capital for 2005 was adversely affected by the payment of certain non-recurring liabilities in the first quarter of 2005 that were accrued as of December 31, 2004, the record low accounts receivable levels at the end of 2004 compared to more normalized levels in 2005 and above average inventory levels due to the slow sales experienced within the German markets as a result of the reimbursement changes that became effective in January 2005.

Investing activities during 2006 include capital expenditures of \$50.6 million. The Company expects that capital expenditures will range from \$55 million to \$60 million in 2007. During 2006, the Company had expenditures related to the acquisition of identifiable intangible assets of \$2.0 million. Also, activity related to the acquisition of businesses, for the year ended December 31, 2006, was \$6.6 million which was primarily due to the acquisition of several small companies. Additionally, during the third quarter of 2006, the Company purchased a 40% interest in an acquisition target for \$25.5 million (See also Note 3 to the consolidated financial statements).

At December 31, 2005, the Company had authorization to maintain up to 11,000,000 shares of treasury stock under the stock repurchase program as approved by the Board of Directors. In December 2006, the Board of Directors increased the authorization to repurchase shares under the stock repurchase program in an amount to maintain up to 14,000,000 shares of treasury stock. Under this program, the Company purchased 9,689,024 shares during 2006 at an average price of \$30.32. As of December 31, 2006 and 2005, the Company held 10,984,633 and 5,066,566 shares of treasury stock, respectively. The Company also received proceeds of \$53.6 million as a result of the exercise of 3,770,963 stock options during the year ended December 31, 2006.

The Company's long-term borrowings decreased by a net of \$313.5 million during the year ended December 31, 2006. This net change included net repayments of \$363.2 million during the year ended 2006, partially offset by an increase of \$49.7 million due to exchange rate fluctuations on debt denominated in foreign currencies and changes in the value of interest rate swaps. During the year ended December 31, 2006, the Company's ratio of long-term debt to total capitalization decreased to 22.4% compared to 35.3% at December 31, 2005.

Under its multi-currency revolving credit agreement, the Company is able to borrow up to \$500 million through May 2010. This facility is unsecured and contains certain affirmative and negative covenants relating to its operations and financial condition. The most restrictive of these covenants pertain to asset dispositions and prescribed ratios of indebtedness to total capital and operating income plus depreciation and amortization to interest expense. At December 31, 2006, the Company was in compliance with these covenants. The Company also has available an aggregate \$250 million under two commercial paper facilities; a \$250 million U.S. facility and a \$250 million U.S. dollar equivalent European facility ("Euro CP facility"). Under the Euro CP facility, borrowings can be denominated in Swiss francs, Japanese yen, Euros, British pounds and U.S. dollars. The multi-currency revolving credit facility serves as a back-up to these commercial paper facilities. The total available credit under the commercial paper facilities and the multi-currency facility in the aggregate is \$500 million with \$208.7 million outstanding under the multi-currency facility and \$105.1 million outstanding under the commercial paper facilities at December 31, 2006.

The Company also has access to \$29.1 million in uncommitted short-term financing under lines of credit from various financial institutions. The lines of credit have no major restrictions and are provided under demand notes between the Company and the lending institutions. At December 31, 2006, \$2.8 million is outstanding under these short-term lines of credit.

At December 31, 2006, the Company had total unused lines of credit related to the revolving credit agreement and the uncommitted short-term lines of credit of \$212.5 million.

At December 31, 2006, the Company held \$71.3 million of precious metals on consignment from several financial institutions. These consignment agreements allow the Company to acquire the precious metal at market rates at a point in

time which is approximately the same time and for the same price as alloys are sold to the Company's customers. In the event that the financial institutions would discontinue offering these consignment arrangements, and if the Company could not obtain other comparable arrangements, the Company may be required to obtain third party financing to fund an ownership position in the required precious metal inventory levels.

The Company's cash, cash equivalents and short-term investments decreased \$369.4 million during the year ended December 31, 2006 to \$65.1 million. In 2006, the Company had net repayments of \$363.2 million related to long-term borrowings and repurchased \$293.8 million in treasury stock. The net repayment of \$363.2 million of long term borrowings was primarily due to the December repayment of \$462.7 million related to the Eurobond as well as payments of \$106.6 million related to the Swiss franc denominated private placement notes. These repayments were partially offset by borrowings of \$103.7 million under the revolving credit agreement and \$97.3 million under the commercial paper facility. Throughout most of 2006 and until the repayment of the Eurobond in December, the Company continued to maintain significant cash, cash equivalents and short-term investment balances rather than pre-pay debt, as a result of pre-payment penalties that would have been incurred in retiring both the debt and the related interest rate swap agreements. Additionally, the Company did not repay this debt prior to its due date due to the low cost of the debt, net of earnings on the cash, cash equivalents and short-term investments.

The Company has \$51.0 million of long-term borrowings coming due in 2007. The Company intends to refinance this debt obligation and portions of its U.S. dollar commercial paper either through borrowings under the revolving credit agreement or other borrowing facilities available to the Company. Any debt that is repaid through the use of the revolving credit agreement or the other borrowing facilities will effectively convert the maturity of the debt beyond 2007.

The following table presents the Company's scheduled contractual cash obligations at December 31, 2006:

<u>Contractual Obligations</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>Greater Than 5 Years</u>	<u>Total</u>
			(in thousands)		
Long-term borrowings	\$ 221	\$ 1,638	\$ 364,991	\$ 532	\$ 367,382
Operating leases	19,818	21,904	7,854	2,523	52,099
Interest on long-term borrowings, net of interest rate swap agreements	(9,193)	(19,068)	10,174	957	(17,130)
Postretirement obligations	7,673	14,504	17,068	46,123	85,368
Precious metal consignment agreements	71,260	-	-	-	71,260
	<u>\$ 89,779</u>	<u>\$ 18,978</u>	<u>\$ 400,087</u>	<u>\$ 50,135</u>	<u>\$ 558,979</u>

The Company expects on an ongoing basis, to be able to finance cash requirements, including capital expenditures, stock repurchases, debt service, operating leases and potential future acquisitions, from the current cash, cash equivalents and short-term investment balances, funds generated from operations and amounts available under its existing credit facilities.

NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." SFAS 158, which is an amendment of SFAS No. 87, 88, 106, and 132(R), requires the Company to report the funded status of its defined benefit pension and other postretirement benefit plans on its balance sheets as a net liability or asset as of December 31, 2006. The statement also requires that the Company recognize changes in the funded status in the year in which the changes occur through accumulated other comprehensive income. Additionally, SFAS 158 eliminates the ability to select a measurement date for plan assets and obligations that is prior to the Company's year-end balance sheet date. SFAS 158 does not change how pensions and other postretirement benefits are accounted for and reported in the income statement. SFAS 158 is effective for financial statements issued for fiscal years ending after December 15, 2006, with the requirement to align the measurement date and the year-end balance sheet being effective for years ending after December 15, 2008. Early adoption of the alignment of the measurement date and the year-end balance sheet is encouraged. The Company adopted SFAS 158 for the December 31, 2006 year end using the prospective method as required by the statement. The Company will also early adopt the provision of SFAS 158 that requires the alignment of the measurement date and the year-end balance sheet date. The Company will adopt this provision for the 2007 fiscal year with the only impact being to the Swiss pension plan which has been measured as of September 30 in prior years. The net of tax adjustment to retained earnings will be \$0.4 million (See also Note 1 to the consolidated financial statements).

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108 ("SAB 108"), "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements", which provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB 108 was effective at the end of the Company's 2006 fiscal year. This standard does not have an impact on the Company's financial statements.

In September 2006, the FASB issued SFAS No. 157 ("SFAS 157"), "Fair Value Measurements," which requires the Company to define fair value, establish a framework for measuring fair value in generally accepted accounting principles (GAAP), and expand disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not expand the use of fair value to any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting SFAS 157 on the financial statements.

In June 2006, the FASB issued FASB Interpretation 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109, Accounting for Income Taxes," which clarifies the accounting for uncertainty in income taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation requires that the Company recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The provisions of FIN 48 are effective beginning January 1, 2007 with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company expects to record an adjustment to reduce opening retained earnings by up to \$8.0 million.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The information below provides information about the Company's market sensitive financial instruments and includes "forward-looking statements" that involve risks and uncertainties. Actual results could differ materially from those expressed in the forward-looking statements. The Company's major market risk exposures are changing interest rates, movements in foreign currency exchange rates and potential price volatility of commodities used by the Company in its

manufacturing processes. The Company's policy is to manage interest rates through the use of floating rate debt and interest rate swaps to adjust interest rate exposures when appropriate, based upon market conditions. The Company employs foreign currency denominated debt and currency swaps which serve to partially offset the Company's exposure on its net investments in subsidiaries denominated in foreign currencies. The Company's policy generally is to hedge major foreign currency transaction exposures through foreign exchange forward contracts. These contracts are entered into with major financial institutions thereby minimizing the risk of credit loss. In order to limit the unanticipated earnings fluctuations from volatility in commodity prices, the Company selectively enters into commodity swaps to convert variable raw material costs to fixed costs. The Company does not hold or issue derivative financial instruments for speculative or trading purposes. The Company is subject to other foreign exchange market risk exposure in addition to the risks on its financial instruments, such as possible impacts on its pricing and production costs, which are difficult to reasonably predict, and have therefore not been included in the table below. All items described are non-trading and are stated in U.S. dollars.

Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. The Company believes the carrying amounts of cash and cash equivalents, short-term investments, accounts receivable (net of allowance for doubtful accounts), prepaid expenses and other current assets, accounts payable, accrued liabilities, income taxes payable and notes payable approximate fair value due to the short-term nature of these instruments. The Company estimates the fair value of its total long-term debt was \$367.5 million versus its carrying value of \$367.4 million as of December 31, 2006. The fair value approximated the carrying value since much of the Company's debt is variable rate and reflects current market rates. The Company has fixed rate Swiss franc denominated notes with estimated fair values that differ from their carrying values. At December 31, 2006, the fair value of these instruments was \$45.7 million versus their carrying values of \$45.6 million. The fair values differ from the carrying values due to lower market interest rates at December 31, 2006 versus the rates at issuance of the notes.

Derivative Financial Instruments

The Company employs derivative financial instruments to hedge certain anticipated transactions, firm commitments, or assets and liabilities denominated in foreign currencies. Additionally, the Company utilizes interest rate swaps to convert floating rate debt to fixed rate, cross currency basis swaps to convert debt denominated in one currency to another currency and commodity swaps to fix its variable raw materials.

Foreign Exchange Risk Management The Company enters into forward foreign exchange contracts to selectively hedge assets and liabilities denominated in foreign currencies. Market value gains and losses are recognized in income currently and the resulting gains or losses offset foreign exchange gains or losses recognized on the foreign currency assets and liabilities hedged.

The Company selectively enters into forward foreign exchange contracts to hedge anticipated purchases of product to effectively fix certain variable costs. These forwards are used to stabilize the cost of certain of the Company's products. The Company generally accounts for the forward foreign exchange contracts as cash flow hedges under SFAS 133. As a result, the Company records the fair value of the swap primarily through other comprehensive income based on the tested effectiveness of the forward foreign exchange contracts. Realized gains or losses in other comprehensive income are released and recorded to costs of products sold as the products associated with the forward foreign exchange contracts are sold. During the fourth quarter of 2006, the Company elected to prospectively measure the effectiveness of cash flow hedges of anticipated transactions on a spot to spot basis rather than on a forward to forward basis. Accordingly, any time value component of the hedge fair value is deemed ineffective and will be reported currently as interest expense in the period which it is applicable. The spot to spot change in the derivative fair value will be deferred in other comprehensive income and released and recorded to costs of products sold as the products associated with the forward foreign exchange contracts are sold. Any cash flows associated with these instruments are included in cash from operations in accordance with the Company's policy of classifying the cash flows from these instruments in the same category as the cash flows from the items being hedged.

Determination of hedge activity is based upon market conditions, the magnitude of the foreign currency assets and liabilities and perceived risks. The Company's significant contracts outstanding as of December 31, 2006 are summarized in the table that follows. These foreign exchange contracts generally have maturities of less than twelve months and the counterparties to the transactions are typically large international financial institutions.

The Company has numerous investments in foreign subsidiaries. The net assets of these subsidiaries are exposed to volatility in currency exchange rates. Currently, the Company uses both non-derivative financial instruments, including foreign currency denominated debt held at the parent company level and derivative financial instruments to hedge some of this exposure. Translation gains and losses related to the net assets of the foreign subsidiaries are offset by gains and losses in the non-derivative and derivative financial instruments designated as hedges of net investments, which are included in accumulated other comprehensive income.

In the first quarter of 2005, the Company entered into cross currency interest rate swaps with a notional principal value of CHF 457 million paying 3 month Swiss franc Libor and receiving 3 month U.S. dollar Libor on \$384.4 million. In the first quarter of 2006, the Company entered into additional cross currency interest rate swaps with a notional principal value of Swiss francs 55.5 million paying 3 month Swiss franc Libor and receiving 3 month U.S. dollar Libor on \$42.0 million. In the fourth quarter of 2006, the Company entered into additional cross currency interest rate swaps with a notional principal value of Swiss francs 80.4 million paying 3 month Swiss franc Libor and receiving 3 month U.S. dollar Libor on \$64.4 million. These cross currency swaps are designated as net investment hedge of the Swiss net assets. Additionally, in the fourth quarter of 2005, the Company entered into cross currency interest rate swaps with a notional principal value of Euro 358 million paying 3 month Euro Libor and receiving 3 month U.S. dollar Libor on \$419.7 million. These cross currency swaps are designated as a net investment hedge of the Euro denominated net assets. The interest rate differential is recognized in earnings as it is accrued, the foreign currency revaluation is recorded in accumulated other comprehensive income, net of tax effects.

At December 31, 2006 and 2005, the Company had Euro-denominated, Swiss franc-denominated, and Japanese yen-denominated debt and cross currency interest rate swaps (at the parent company level) to hedge the currency exposure related to a designated portion of the net assets of its European, Swiss, and Japanese subsidiaries. The fair value of the cross currency interest rate swap agreements is the estimated amount the Company would (pay) receive at the reporting date, taking into account the effective interest rates and foreign exchange rates. As of December 31, 2006 and December 31, 2005, the estimated net fair values of the cross currency interest rate swap agreements were (\$48.1) million and \$32.8 million, respectively, which are recorded in accumulated other comprehensive income, net of tax effects. At December 31, 2006 and

2005, the accumulated translation gains on investments in foreign subsidiaries, primarily denominated in Euros, Swiss francs and Japanese yen, net of these net investment hedges, were \$105.8 million and \$77.4 million, respectively, which were included in accumulated other comprehensive income, net of tax effects. The Company's outstanding debt denominated in foreign currencies and the outstanding cross currency interest rate swaps as of December 31, 2006 are summarized in the table that follows.

Interest Rate Risk Management The Company uses interest rate swaps to convert a portion of its variable rate debt to fixed rate debt. As of December 31, 2006, the Company has two groups of significant variable rate to fixed rate interest rate swaps. One of the groups of swaps was entered into in February 2002, has notional amounts totaling 12.6 billion Japanese yen, and effectively converts the underlying variable interest rates to an average fixed rate of 1.6% for a term of ten years. The other swap, effective March 2005, has a notional amount of 65 million Swiss francs, and effectively converts the underlying variable interest rates to a fixed rate of 4.2% for a term of seven years.

Through December 2006, the Company had used interest rate swaps to convert a portion of its fixed rate debt to variable rate debt. In December 2001, the Company issued 350 million in Eurobonds at a fixed rate of 5.75% maturing in December 2006 to partially finance the Degussa Dental acquisition. Coincident with the issuance of the Eurobonds, the Company entered into two integrated transactions: (a) an interest rate swap agreement with notional amounts totaling Euro 350 million which converted the 5.75% fixed rate Euro-denominated financing to a variable rate (based on the London Interbank Borrowing Rate) Euro-denominated financing; and (b) a cross-currency basis swap which converted this variable rate Euro-denominated financing to variable rate U.S. dollar-denominated financing.

The Euro 350 million interest rate swap agreement was designated as a fair value hedge of the Euro 350 million in fixed rate debt pursuant to SFAS No. 133, ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities." In accordance with SFAS 133, the interest rate swap and underlying Eurobond have been marked-to-market via the income statement. As of December 31, 2005, the accumulated fair value of the interest rate swap was \$5.3 million and was recorded in Prepaid Expenses and Other Current Assets with the notional amount of the underlying Eurobond being increased by a corresponding amount at December 31, 2005. As the interest rate swap matured and the Eurobond was repaid in December 2006, there was no accumulated fair value related to the interest rate swap recorded on the Company's financial statements at December 31, 2006.

From inception through the first quarter of 2003, the cross-currency element of the integrated transaction was not designated as a hedge and changes in the fair value of the cross-currency element of the integrated transaction were marked-to-market in the income statement, offsetting the impact of the change in exchange rates on the Eurobonds that were also recorded in the income statement. In the first quarter of 2003, the Company amended the cross-currency element of the integrated transaction to realize the \$51.8 million of accumulated value of the cross-currency swap. The amendment eliminated the final payment (at a fixed rate of \$.90) of \$315 million by the Company in exchange for the final payment of Euro 350 million by the counterparty in return for the counterparty paying the Company 4.29% on \$315 million for the remaining term of the agreement, or approximately \$14.0 million on an annual basis. Other cash flows associated with the cross-currency element of the integrated transaction, included the Company's obligation to pay on \$315 million LIBOR plus approximately 1.34%, and the counterparty's obligation to pay on Euro 350 million LIBOR plus approximately 1.47%, remained unchanged by the amendment.

No gain or loss was recognized upon the amendment of the cross currency element of the integrated transaction, as the interest rate of 4.29% was established to ensure that the fair value of the cash flow streams before and after amendment were equivalent. As a result of the amendment, the Company became economically exposed to the impact of exchange rates on the final principal payment on the Euro 350 million Eurobonds and designated the Euro 350 million Eurobonds as a hedge of net investment, on the date of the amendment and thus the impact of translation changes related to the final principal payment are recorded in accumulated other comprehensive income.

The cross-currency element of the integrated transaction continued to be marked-to-market in the income statement (completely offset by the corresponding change in the Eurobonds) through June 2005. In June 2005, the Company terminated the cross currency element of the integrated transaction in response to the rapid rise in U.S. dollar short-term interest rates, converting the debt back into a Euro variable instrument. Upon termination, the Company realized the remaining \$20.2 million of accumulated value of the swap.

Commodity Risk Management The Company selectively enters into commodity swaps to effectively fix certain variable raw material costs. These swaps are used purely to stabilize the cost of components used in the production of certain of the Company's products. The Company generally accounts for the commodity swaps as cash flow hedges under SFAS 133. As a result, the Company records the fair value of the swap primarily through other comprehensive income based on the tested effectiveness of the commodity swap. Realized gains or losses in other comprehensive income are released and recorded to costs of products sold as the products associated with the commodity swaps are sold. During the fourth quarter of 2006, the Company elected to prospectively measure the effectiveness of cash flow hedges of anticipated transactions on a spot to spot basis rather than on a forward to forward basis. Accordingly, any time value component of the hedge fair value is deemed ineffective and will be reported currently as interest expense in the period which it is applicable. The spot to spot change in the derivative fair value will be deferred in other comprehensive income and released and recorded to costs of products sold as the products associated with the forward foreign exchange contracts are sold. Any cash flows associated with these instruments are included in cash from operations in accordance with the Company's policy of classifying the cash flows from these instruments in the same category as the cash flows from the items being hedged. The Company's significant contracts outstanding as of December 31, 2006 are summarized in the table that follows.

Off Balance Sheet Arrangements

Consignment Arrangements

The Company consigns the precious metals used in the production of precious metal alloy products from various financial institutions. Under these consignment arrangements, the banks own the precious metal, and, accordingly, the Company does not report this consigned inventory as part of its inventory on its consolidated balance sheet. These agreements are cancelable by either party at the end of each consignment period, which typically run for a period of one to nine months; however, because the Company has access to numerous financial institutions with excess capacity, consignment needs created by cancellations can be shifted among the other institutions. The consignment agreements allow the Company to take ownership of the metal at approximately the same time customer orders are received and to closely match the price of the metal acquired to the price charged to the customer (i.e., the price charged to the customer is largely a pass through).

As precious metal prices fluctuate, the Company evaluates the impact of the precious metal price fluctuation on its target gross margins for precious metal alloy products and revises the prices customers are charged for precious metal alloy products accordingly, depending upon the magnitude of the fluctuation. While the Company does not separately invoice customers for the precious metal content of precious metal alloy products, the underlying precious metal content is the primary component of the cost and sales price of the precious metal alloy products. For practical purposes, if the precious metal prices go up or down by a small amount, the Company will not immediately modify prices, as long as the cost of precious metals embedded in the Company's precious metal alloy price closely approximates the market price of the precious metal. If there is a significant change in the price of precious metals, the Company adjusts the price for the precious metal alloys, maintaining its margin on the products.

At December 31, 2006, the Company had 118,486 troy ounces of precious metal, primarily gold, platinum and palladium, on consignment for periods of less than one year with a market value of \$71.3 million. Under the terms of the consignment agreements, the Company also makes compensatory payments to the consignor banks based on a percentage of the value of the consigned precious metals inventory. At December 31, 2006, the average annual rate charged by the consignor banks was 1.2%. These compensatory payments are considered to be a cost of the metals purchased and are recorded as part of the cost of products sold.

<u>EXPECTED MATURITY DATES</u>							<u>December 31, 2006</u>	
(represents notional amounts for derivative financial instruments)							<u>Carrying</u>	<u>Fair</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 and</u>	<u>Value</u>	<u>Value</u>
	(in thousands)							
Financial Instruments								
Notes Payable:								
U.S. dollar denominated	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23	\$ 23
Average interest rate	0.00%						0.00%	
Denmark krone denominated	12	-	-	-	-	-	12	12
Average interest rate	6.00%						6.00%	
Euro denominated	85	-	-	-	-	-	85	85
Average interest rate	4.63%						4.63%	
Brazil Reais denominated	2,654	-	-	-	-	-	2,654	2,654
Average interest rate	14.47%						14.47%	
	2,774	-	-	-	-	-	2,774	2,774
	14.01%						14.01%	
Current Portion of Long-term Debt:								
U.S. dollar denominated	73	-	-	-	-	-	73	73
Average interest rate	6.65%						6.65%	
Euro denominated	148	-	-	-	-	-	148	148
Average interest rate	2.84%						2.84%	
	221	-	-	-	-	-	221	221
	4.10%						4.10%	
Long Term Debt:								
U.S. dollar denominated	-	55	26	110,433	-	-	110,514	110,514
Average interest rate		6.81%	7.91%	5.31%			5.31%	
Swiss franc denominated	-	-	-	98,882	-	-	98,882	98,972
Average interest rate				3.30%			3.30%	
Japanese yen denominated	-	1,360	-	105,417	-	-	106,777	106,777
Average interest rate		0.25%		0.89%			0.88%	
Euro denominated	-	112	85	50,190	69	532	50,988	50,988
Average interest rate		2.87%	3.05%	3.71%	3.26%	3.26%	3.70%	
	-	1,527	111	364,922	69	532	367,161	367,251
		0.68%	4.17%	3.27%	3.26%	3.26%	3.26%	
Derivative Financial Instruments								
Foreign Exchange Forward Contracts:								
Forward sale, 9.4 million								
Australian dollars	7,379	-	-	-	-	-	(76)	(76)
Forward sale, 20.3 million								
Canadian dollars	15,979	1,440	-	-	-	-	554	554
Forward purchase, 4.1 million								
Canadian dollars	(3,487)	-	-	-	-	-	(57)	(57)
Forward sale, 2.4 billion								
Japanese yen	20,229	-	-	-	-	-	364	364
Forward purchase, 1.9 billion								
Japanese yen	(14,790)	(1,560)	-	-	-	-	(580)	(580)
Forward sale, 14.8 million								
Mexican Pesos	1,373	-	-	-	-	-	(5)	(5)
Forward purchase, 38.8 million								
Euros	(51,127)	-	-	-	-	-	(550)	(550)
Forward purchase, 2.2 million								
Swiss francs	1,804	-	-	-	-	-	5	5
Interest Rate Swaps:								
Interest rate swaps - Japanese yen	-	-	-	-	-	105,417	(1,061)	(1,061)
Average interest rate						1.6%		
Interest rate swaps - Swiss francs	-	-	-	-	-	53,287	(3,939)	(3,939)
Average interest rate						4.2%		
Cross Currency Basis Swaps:								
Swiss franc 593.4 million @ 1.21	-	-	-	486,473	-	-	4,369	4,369
pay CHF 3mo. Libor rec. USD 3mo. Libor				-3.44%				
Euros 358.0 million @ \$1.17	-	-	-	472,202	-	-	(52,517)	(52,517)
pay EUR 3mo. Libor rec. USD 3mo. Libor				-1.65%				
Commodity Contracts:								
Silver Swap - U.S. dollar	1,380	-	-	-	-	-	198	198
Platinum Swap - U.S. dollar	2,169	-	-	-	-	-	(62)	(62)

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934, as amended. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. A Company's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Company has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2006. In making its assessment, management used the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment management concluded that, as of December 31, 2006, the Company's internal control over financial reporting was effective based on the criteria established in *Internal Control - Integrated Framework* issued by the COSO.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

/s/ Bret W. Wise
Bret W. Wise
Chairman of the Board, President, and
Chief Executive Officer
February 23, 2007

/s/ William R. Jellison
William R. Jellison
Senior Vice President and
Chief Financial Officer
February 23, 2007

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of DENTSPLY International Inc.

We have completed integrated audits of DENTSPLY International Inc.'s consolidated financial statements and of its internal control over financial reporting as of December 31, 2006, in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of DENTSPLY International Inc. and its subsidiaries at December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in "Management's Report on Internal Control Over Financial Reporting" appearing under Item 15(a)(1), that the Company maintained effective internal control over financial reporting as of December 31, 2006 based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control - Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 23, 2007

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	<u>Year Ended December 31,</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
	(in thousands, except per share amounts)		
Net sales (Note 4)	\$ 1,810,496	\$ 1,715,135	\$ 1,694,232
Cost of products sold	<u>881,485</u>	<u>846,117</u>	<u>847,714</u>
Gross profit	929,011	869,018	846,518
Selling, general and administrative expenses	606,410	563,341	544,264
Restructuring, impairment and other costs (Note 15)	<u>7,807</u>	<u>232,755</u>	<u>7,124</u>
Operating income	314,794	72,922	295,130
Other income and expenses:			
Interest expense	10,801	17,773	25,098
Interest income	(12,484)	(9,005)	(5,469)
Other (income) expense, net (Note 5)	<u>1,640</u>	<u>(6,884)</u>	<u>1,346</u>
Income before income taxes	314,837	71,038	274,155
Provision for income taxes (Note 13)	<u>91,119</u>	<u>25,625</u>	<u>63,869</u>
Income from continuing operations	223,718	45,413	210,286
Income from discontinued operations, net of tax (Note 6)	<u>-</u>	<u>-</u>	<u>42,879</u>
Net income	<u>\$ 223,718</u>	<u>\$ 45,413</u>	<u>\$ 253,165</u>
Earnings per common share - basic (Note 2)			
Continuing operations	\$ 1.44	\$ 0.29	\$ 1.31
Discontinued operations	-	-	0.27
Total earnings per common share - basic	<u>\$ 1.44</u>	<u>\$ 0.29</u>	<u>\$ 1.58</u>
Earnings per common share - diluted (Note 2)			
Continuing operations	\$ 1.41	\$ 0.28	\$ 1.28
Discontinued operations	-	-	0.26
Total earnings per common share - diluted	<u>\$ 1.41</u>	<u>\$ 0.28</u>	<u>\$ 1.54</u>
Cash dividends declared per common share	\$ 0.14500	\$ 0.12500	\$ 0.10875
Weighted average common shares outstanding (Note 2):			
Basic	155,229	159,191	160,775
Diluted	158,271	162,017	164,028

The accompanying notes are an integral part of these financial statements.

	December 31,	
	2006	2005
	(in thousands)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 65,064	\$ 433,984
Short-term investments	79	541
Accounts and notes receivable-trade, net (Note 1)	290,791	254,822
Inventories, net (Notes 1 and 7)	232,441	208,179
Prepaid expenses and other current assets (Notes 13 and 16)	129,816	135,562
Total Current Assets	718,191	1,033,088
Property, plant and equipment, net (Notes 1 and 8)	329,616	316,218
Identifiable intangible assets, net (Notes 1 and 9)	67,648	68,600
Goodwill, net (Notes 1 and 9)	995,382	933,227
Other noncurrent assets (Notes 13, 14 and 16)	70,513	59,240
Total Assets	\$ 2,181,350	\$ 2,410,373
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 79,951	\$ 82,317
Accrued liabilities (Note 10)	181,196	162,890
Income taxes payable	47,292	86,859
Notes payable and current portion of long-term debt (Note 11)	2,995	412,212
Total Current Liabilities	311,434	744,278
Long-term debt (Note 11)	367,161	270,104
Deferred income taxes	53,191	42,912
Other noncurrent liabilities (Note 14 and 16)	175,507	106,295
Total Liabilities	907,293	1,163,589
Minority interests in consolidated subsidiaries	222	188
Commitments and contingencies (Note 17)		
Stockholders' Equity:		
Preferred stock, \$.01 par value; .25 million shares authorized; no shares issued	-	-
Common stock, \$.005 par value; 200 million shares authorized; 162.8 million shares issued at December 31, 2006 and December 31, 2005	814	814
Capital in excess of par value	168,135	175,623
Retained earnings	1,353,156	1,151,856
Accumulated other comprehensive income	79,914	56,454
Treasury stock, at cost, 11.0 million shares at December 31, 2006 and 5.1 million shares at December 31, 2005	(328,184)	(138,151)
Total Stockholders' Equity	1,273,835	1,246,596
Total Liabilities and Stockholders' Equity	\$ 2,181,350	\$ 2,410,373

The accompanying notes are an integral part of these financial statements.

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss) (in thousands)	Unearned ESOP Compensation	Treasury Stock	Total Stockholders' Equity
Balance at December 31, 2003	\$ 814	\$ 169,889	\$ 889,601	\$ 104,920	\$ (380)	\$ (39,838)	\$ 1,125,006
Comprehensive Income:							
Net income	-	-	253,165	-	-	-	253,165
Other comprehensive income (loss), net of tax:							
Foreign currency translation adjustment	-	-	-	69,884	-	-	69,884
Unrealized gain on available-for-sale securities	-	-	-	191	-	-	191
Net loss on derivative financial instruments	-	-	-	(9,086)	-	-	(9,086)
Minimum pension liability adjustment	-	-	-	(1,809)	-	-	(1,809)
Comprehensive Income							312,345
Exercise of stock options	-	4,257	-	-	-	41,061	45,318
Tax benefit from stock options exercised	-	18,068	-	-	-	-	18,068
Share based compensation expense	-	1,089	-	-	-	-	1,089
Treasury shares purchased	-	-	-	-	-	(37,703)	(37,703)
Cash dividends (\$0.10875 per share)	-	-	(16,504)	-	-	-	(16,504)
Decrease in unearned ESOP compensation	-	-	-	-	380	-	380
Balance at December 31, 2004	\$ 814	\$ 193,303	\$ 1,126,262	\$ 164,100	\$ -	\$ (36,480)	\$ 1,447,999
Comprehensive Income:							
Net income	-	-	45,413	-	-	-	45,413
Other comprehensive income (loss), net of tax:							
Foreign currency translation adjustment	-	-	-	(123,202)	-	-	(123,202)
Unrealized gain on available-for-sale securities	-	-	-	22	-	-	22
Net gain on derivative financial instruments	-	-	-	27,951	-	-	27,951
Minimum pension liability adjustment	-	-	-	(12,417)	-	-	(12,417)
Comprehensive Income							(62,233)

Exercise of stock options	-	(31,313)	-	-	-	63,089	31,776
Share based compensation expense	-	990	-	-	-	-	990
Tax benefit from stock options exercised	-	12,643	-	-	-	-	12,643
Treasury shares purchased	-	-	-	-	-	(164,760)	(164,760)
Cash dividends (\$0.125 per share)	-	-	(19,819)	-	-	-	(19,819)
Balance at December 31, 2005	\$ 814	\$ 175,623	\$ 1,151,856	\$ 56,454	\$ -	\$ (138,151)	\$ 1,246,596
Comprehensive Income:							
Net income	-	-	223,718	-	-	-	223,718
Other comprehensive income (loss), net of tax:							
Foreign currency translation adjustment	-	-	-	79,127	-	-	79,127
Unrealized loss on available-for-sale securities	-	-	-	(31)	-	-	(31)
Net loss on derivative financial instruments	-	-	-	(47,877)	-	-	(47,877)
Minimum pension liability adjustment	-	-	-	8,362	-	-	8,362
Comprehensive Income							263,299
Exercise of stock options	-	(45,929)	-	-	-	99,540	53,611
Tax benefit from stock options exercised	-	18,923	-	-	-	-	18,923
Share based compensation expense	-	19,623	-	-	-	-	19,623
Funding of Employee Stock Option Plan	-	(105)	-	-	-	4,199	4,094
Unrecognized losses and prior service cost, net	-	-	-	(16,121)	-	-	(16,121)
Treasury shares purchased	-	-	-	-	-	(293,772)	(293,772)
Cash dividends (\$0.145 per share)	-	-	(22,418)	-	-	-	(22,418)
Balance at December 31, 2006	\$ 814	\$ 168,135	\$ 1,353,156	\$ 79,914	\$ -	\$ (328,184)	\$ 1,273,835

The accompanying notes are an integral part of these financial statements.

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2006	2005	2004
	(in thousands)		
Cash flows from operating activities:			
Net income	\$ 223,718	\$ 45,413	\$ 253,165
Less income from discontinued operations	-	-	42,879
Net income from continuing operations	\$ 223,718	\$ 45,413	\$ 210,286
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	40,419	42,031	40,841
Amortization	7,015	8,529	8,455
Deferred income taxes	53,700	(91,777)	7,058
Share based compensation expense	19,623	990	1,089
Restructuring, impairment and other costs	893	232,755	7,124
Other non-cash costs (income)	271	(2,017)	(394)
Loss on disposal of property, plant and equipment	509	1,506	958
Non-cash ESOP compensation	-	-	380
Changes in operating assets and liabilities, net of acquisitions and divestitures:			
Accounts and notes receivable-trade, net	(19,979)	(31,589)	16,061
Inventories, net	(10,775)	(7,460)	4,103
Prepaid expenses and other current assets	(404)	(4,230)	(765)
Other non current assets	705	(854)	1,643
Accounts payable	(6,581)	(6,784)	(1,386)
Accrued liabilities	6,114	(14,465)	5,756
Income taxes	(43,418)	54,045	27,584
Other non current liabilities	45	6,676	1,739
Cash flows used in discontinued operating activities	-	-	(24,273)
Net cash provided by operating activities	271,855	232,769	306,259
Cash flows from investing activities:			
Cash paid for acquisitions of businesses and equity investments	(32,083)	(18,097)	(17,165)
Capital expenditures	(50,616)	(45,293)	(52,036)
Expenditures for identifiable intangible assets	(1,998)	(3,473)	(7,573)
Purchases of short-term investments	(285,412)	(148,546)	(142,867)
Liquidations of short-term investments	285,638	241,264	48,103
Proceeds from sale of Gendex	-	-	102,500
Proceeds from sale of property, plant and equipment	8,180	555	1,788
Realization of cross currency swap value	-	23,836	13,664
Other	-	-	(1,756)
Cash flows used in discontinued operations' investing activities	-	-	(148)
Net cash (used in) provided by investing activities	(76,291)	50,246	(55,490)
Cash flows from financing activities:			
Proceeds from long-term borrowings, net of deferred financing costs	206,323	6,700	-
Payments on long-term borrowings	(569,573)	(66,805)	(22,151)
(Decrease) increase in short-term borrowings	1,244	(141)	624
Proceeds from exercise of stock options	53,611	31,776	45,318
Excess tax benefits from share based compensation	11,461	-	-
Cash paid for treasury stock	(293,772)	(164,760)	(37,703)
Cash dividends paid	(21,863)	(19,141)	(15,823)
Net cash used in financing activities	(612,569)	(212,371)	(29,735)
Effect of exchange rate changes on cash and cash equivalents	48,085	(40,201)	18,752
Net (decrease) increase in cash and cash equivalents	(368,920)	30,443	239,786
Cash and cash equivalents at beginning of period	433,984	403,541	163,755
Cash and cash equivalents at end of period	\$ 65,064	\$ 433,984	\$ 403,541

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31,</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
		(in thousands)	
Supplemental disclosures of cash flow information:			
Interest paid, net of amounts capitalized	\$ 11,170	\$ 19,864	\$ 24,836
Income taxes paid	\$ 68,407	\$ 62,291	\$ 44,952

The accompanying notes are an integral part of these financial statements.

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies employed by the Company are discussed below and in other notes to the consolidated financial statements.

Description of Business

DENTSPLY designs, develops, manufactures and markets a broad range of products for the dental market. The Company believes that it is the world's leading manufacturer and distributor of dental prosthetics, precious metal dental alloys, dental ceramics, endodontic instruments and materials, prophylaxis paste, dental sealants, ultrasonic scalers and crown and bridge materials; the leading United States manufacturer and distributor of dental handpieces, dental x-ray film holders, film mounts and bone substitute/grafting materials; and a leading worldwide manufacturer or distributor of dental injectable anesthetics, impression materials, orthodontic appliances, dental cutting instruments and dental implants. The Company distributes its dental products in over 120 countries under some of the most well established brand names in the industry.

DENTSPLY is committed to the development of innovative, high-quality, cost effective products for the dental market.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries in which the Company exercises control (collectively the "Company"). Investments in 20% to 50% owned companies in which the Company significantly influences operating and financial policy are accounted for by the equity method. The Company's equity in the net income (loss) of these companies is not material. All significant intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates, if different assumptions are made or if different conditions exist.

Cash and Cash Equivalents

Cash and cash equivalents include deposits with banks as well as highly liquid time deposits with original maturities at the date of purchase of ninety days or less.

Short-term Investments

Short-term investments are highly liquid time deposits with original maturities at the date of purchase greater than ninety days and with remaining maturities of approximately one year or less.

Accounts and Notes Receivable-Trade

The Company sells dental equipment and supplies both through a worldwide network of distributors and directly to end users. For customers on credit terms, the Company performs ongoing credit evaluation of those customers' financial condition and generally does not require collateral from them. The Company establishes allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Accounts and notes

receivable-trade are stated net of these allowances which were \$16.6 million and \$15.3 million at December 31, 2006 and 2005, respectively. The Company recorded provisions for doubtful accounts, included in "Selling, general and administrative expenses," of approximately \$2.1 million for 2006, 2005, and 2004.

Certain of the Company's customers are offered cash rebates based on targeted sales increases. In accounting for these rebate programs, the Company records an accrual as a reduction of net sales for the estimated rebate as sales take place throughout the year in accordance with EITF 01-09, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)."

Inventories

Inventories are stated at the lower of cost or market. At December 31, 2006 and 2005, the cost of \$11.2 million, or 4.8%, and \$10.3 million, or 5.1%, respectively, of inventories was determined by the last-in, first-out ("LIFO") method. The cost of other inventories was determined by the first-in, first-out ("FIFO") or average cost methods. The Company establishes reserves for inventory estimated to be obsolete or unmarketable equal to the difference between the cost of inventory and estimated market value based upon assumptions about future demand and market conditions.

If the FIFO method had been used to determine the cost of LIFO inventories, the amounts at which net inventories are stated would be higher than reported at December 31, 2006 and 2005 by \$3.3 million and \$2.6 million, respectively.

Valuation of Goodwill, Indefinite-Lived Intangible Assets and Other Long-Lived Assets

Assessment of the potential impairment of goodwill, indefinite-lived intangible assets and other long-lived assets is an integral part of the Company's normal ongoing review of operations. Testing for potential impairment of these assets is significantly dependent on numerous assumptions and reflects management's best estimates at a particular point in time. The dynamic economic environments in which the Company's businesses operate and key economic and business assumptions with respect to projected selling prices, increased competition and introductions of new technologies can significantly affect the outcome of impairment tests. Estimates based on these assumptions may differ significantly from actual results. Changes in factors and assumptions used in assessing potential impairments can have a significant impact on the existence and magnitude of impairments, as well as the time at which such impairments are recognized. If there are unfavorable changes in these environments or assumptions, future cash flows, the key variable in assessing the impairment of these assets, may decrease and as a result the Company may be required to recognize impairment charges. Future changes in the environment and the economic outlook for the assets being evaluated could also result in additional impairment charges being recognized. Information with respect to the Company's significant accounting policies on long-lived assets for each category of long-lived asset is discussed below.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Except for leasehold improvements, depreciation for financial reporting purposes is computed by the straight-line method over the following estimated useful lives: buildings - generally 40 years and machinery and equipment - 4 to 15 years. The cost of leasehold improvements is amortized over the shorter of the estimated useful life or the term of the lease. Maintenance and repairs are charged to operations; replacements and major improvements are capitalized. These assets are reviewed for impairment whenever events or circumstances suggest that the carrying amount of the asset may not be recoverable in accordance with Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets." Impairment is based upon an evaluation of the identifiable undiscounted cash flows. If impaired, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

Identifiable Finite-lived Intangible Assets

Identifiable finite-lived intangible assets, which primarily consist of patents, trademarks and licensing agreements, are amortized on a straight-line basis over their estimated useful lives. These assets are reviewed for impairment whenever events or circumstances suggest that the carrying amount of the asset may not be recoverable in accordance with SFAS 144. The Company closely monitors intangible assets related to new technology for indicators of impairment as these assets have more risk of becoming impaired. Impairment is based upon an evaluation of the identifiable undiscounted cash flows. If impaired, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

Goodwill and Indefinite-Lived Intangible Assets

The Company follows Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets," which requires that at least an annual impairment test be applied to goodwill and indefinite-lived intangible assets. The Company performs impairment tests on at least an annual basis using a fair value approach rather than an evaluation of the undiscounted cash flows. If impairment is identified on goodwill under SFAS 142, the resulting charge is determined by recalculating goodwill through a hypothetical purchase price allocation of the fair value and reducing the current carrying value to the extent it exceeds the recalculated goodwill. If impairment is identified on indefinite-lived intangibles, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

The Company performed the required annual impairment tests in the second quarter of 2006 and no impairment was identified. This impairment assessment included an evaluation of approximately twenty-five reporting units. In addition to the annual impairment test, SFAS 142 also requires that impairment assessments be made more frequently if events or changes in circumstances indicate that the goodwill or indefinite-lived intangible assets might be impaired. As the Company learns of such changes in circumstances through periodic analysis of actual events or through the annual development of operating unit business plans in the fourth quarter of each year or otherwise, impairment assessments are performed as necessary.

Derivative Financial Instruments

The Company adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," on January 1, 2001. This standard, as amended by SFAS 138 and 149, requires that all derivative instruments be recorded on the balance sheet at their fair value and that changes in fair value be recorded each period in current earnings or comprehensive income.

The Company employs derivative financial instruments to hedge certain anticipated transactions, firm commitments, or assets and liabilities denominated in foreign currencies. Additionally, the Company utilizes interest rate swaps to convert floating rate debt to fixed rate, fixed rate debt to floating rate, cross currency basis swaps to convert debt denominated in one currency to another currency, and commodity swaps to fix its variable raw materials costs.

Pension and Other Postretirement Benefits

Substantially all of the employees of the Company and its subsidiaries are covered by government or Company-sponsored defined benefit or defined contribution plans. Additionally, certain union and salaried employee groups in the United States are covered by postretirement healthcare plans. Costs for Company-sponsored plans are based on expected return on plan assets, discount rates, employee compensation increase rates and health care cost trends. Expected return on plan assets, discount rates, and health care cost trend assumptions are particularly important when determining the Company's benefit obligations and net periodic benefit costs associated with postretirement benefits. Changes in these assumptions can impact the Company's pretax earnings. In determining the cost of postretirement benefits, certain assumptions are established annually to reflect market conditions and plan experience to appropriately reflect the expected costs as actuarially determined. These assumptions include medical inflation trend rates, discount rates, employee turnover and mortality rates. The Company predominantly uses liability durations in establishing its discount rates, which are observed from indices of high-grade corporate bond yields in the respective economic regions of the plans. The expected return on plan assets is the weighted average long-term expected return based upon asset allocations and historic average returns for the markets where the assets are invested, principally in foreign locations. Additional information related to the impact of changes in these assumptions is provided in Note 14 to the consolidated financial statements.

In September 2006, FASB issued Statement of Financial Accounting Standards No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." SFAS 158, which is an amendment of SFAS No. 87, 88, 106, and 132(R), requires the Company to report the funded status of its defined benefit pension and other postretirement benefit plans on its balance sheets as a net liability or asset as of December 31, 2006. The Company adopted SFAS 158 for the December 31, 2006 year end using the prospective method as required by the statement. Using the prospective recognition of the funded status of the Company's defined benefit pension plans and other postretirement benefit plans to record previously unrecognized transition obligation, unrecognized prior service cost, and unrecognized net actuarial gains and losses on a tax effected basis had the following impact on the Company's balance sheet: a decrease in long-term assets of \$4.7 million, an increase in short-term liabilities of \$4.0 million, an increase in long-term liabilities of \$6.2 million and a net decrease to accumulated other comprehensive income of \$14.9 million. In accordance with the prospective method of

adoption, the financial statement amounts for periods prior to December 31, 2006 presented in this Annual Report on Form 10-K have not been restated to reflect these changes (See also Note 14 to the consolidated financial statements).

Litigation

The Company and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company records liabilities when a loss is probable and can be reasonably estimated. These estimates are made by management based on an analysis made by internal and external legal counsel, which considers information known at the time. Legal costs related to these lawsuits are expensed as incurred.

Foreign Currency Translation

The functional currency for foreign operations, except for those in highly inflationary economies, has been determined to be the local currency.

Assets and liabilities of foreign subsidiaries are translated at exchange rates on the balance sheet date; revenue and expenses are translated at the average year-to-date rates of exchange. The effects of these translation adjustments are reported in stockholders' equity within accumulated other comprehensive income. During the year ended December 31, 2006, the Company had translation gains of \$89.0 million, partially offset by losses of \$9.9 million on its loans designated as hedges of net investments. During the years ended December 31, 2005 and 2004, the Company had translation losses of \$173.3 million and gains of \$104.9 million, respectively, partially offset by gains of \$50.1 and losses of \$35.0 million, respectively, on its loans designated as hedges of net investments.

Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved and translation adjustments in countries with highly inflationary economies are included in income. Exchange gains of \$0.2 million and \$6.7 million in 2006 and 2005, respectively, and exchange losses of \$1.2 million in 2004 are included in "Other expense (income), net."

Revenue Recognition

Revenue, net of related discounts and allowances, is recognized when the earnings process is complete. This occurs when products are shipped to or received by the customer in accordance with the terms of the agreement, title and risk of loss have been transferred, collectibility is probable and pricing is fixed or determinable. Net sales include shipping and handling costs collected from customers in connection with the sale. Sales taxes, value added taxes and other similar types of taxes collected from customers in connection with the sale are recorded by the Company on a net basis and are not included in the statement of income.

A significant portion of the Company's net sales is comprised of sales of precious metals generated through its precious metal alloy product offerings. As the precious metal content of the Company's sales is largely a pass-through to customers, the Company uses its cost of precious metal purchased as a proxy for the precious metal content of sales, as the precious metal content of sales is not separately tracked and invoiced to customers. The Company believes that it is reasonable to use the cost of precious metal content purchased in this manner since precious metal alloy sale prices are typically adjusted when the prices of underlying precious metals change. The precious metals content of sales was \$187.4 million, \$172.4 million and \$213.1 million for 2006, 2005 and 2004, respectively.

Warranties

The Company provides warranties on certain equipment products. Estimated warranty costs are accrued when sales are made to customers. Estimates for warranty costs are based primarily on historical warranty claim experience.

Research and Development Costs

Research and development ("R&D") costs relate primarily to internal costs for salaries and direct overhead costs. In addition, the Company contracts with outside vendors to conduct R&D activities. All such R&D costs are charged to expense when incurred. The Company capitalizes the costs of equipment that have

general R&D uses and expenses such equipment that is solely for specific R&D projects. The depreciation related to this capitalized equipment is included in the Company's R&D costs. R&D costs are included in "Selling, general and administrative expenses" and amounted to approximately \$44.4 million, \$47.0 million, and \$44.6 million for 2006, 2005 and 2004, respectively.

Income Taxes

Income taxes are determined using the liability method of accounting for income taxes in accordance with SFAS 109. Under SFAS 109, tax expense includes U.S. and international income taxes plus the provision for U.S. taxes on undistributed earnings of international subsidiaries not deemed to be permanently invested. Tax credits and other incentives reduce tax expense in the year the credits are claimed. Certain items of income and expense are not reported in tax returns and financial statements in the same year. The tax effect of such temporary differences is reported as deferred income taxes. Deferred tax assets are recognized if it is more likely than not that the assets will be realized in future years. The Company establishes a valuation allowance for deferred tax assets for which realization is not likely.

The Company accounts for income tax contingencies in accordance with the Statement of Financial Standards No. 5, "Accounting for Contingencies."

Earnings Per Share

Basic earnings per share is calculated by dividing net earnings by the weighted average number of shares outstanding for the period. Diluted earnings per share is calculated by dividing net earnings by the weighted average number of shares outstanding for the period, adjusted for the effect of an assumed exercise of all dilutive options outstanding at the end of the period.

Business Acquisitions

The Company frequently purchases businesses or majority interests in businesses. These acquisitions are accounted for as purchases and result in the recognition of goodwill in the Company's financial statements. This goodwill arises because the purchase prices for these businesses reflect a number of factors including the future earnings and cash flow potential of these businesses; the multiple to earnings, cash flow and other factors at which similar businesses have been purchased by other acquirers; the competitive nature of the process by which the Company acquired the business; and because of the complementary strategic fit and expected synergies these businesses bring to existing operations.

The Company makes an initial allocation of the purchase price at the date of acquisition based upon its understanding of the fair market value of the acquired assets and liabilities. The Company obtains this information during due diligence and through other sources. In the months after closing, as the Company obtains additional information about these assets and liabilities and learns more about the newly acquired business, it is able to refine the estimates of fair market value and more accurately allocate the purchase price. Examples of factors and information that the Company uses to refine the allocations include: tangible and intangible asset evaluations and appraisals; evaluations of existing contingencies and liabilities; product line integration information; and information systems compatibilities. The only items considered for subsequent adjustment are items identified as of the acquisition date. Subsequent to the purchase date, the Company continues to evaluate the initial purchase price allocations for the acquisitions and will adjust the allocations as additional information relative to the estimated integration costs of the acquired businesses and the fair market values of the assets and liabilities of the businesses become known. These purchase price adjustments can occur for up to one year from the acquisition date.

Stock Compensation

Effective January 1, 2006, the Company adopted the provisions of SFAS 123(R), "Share-Based Payment," requiring that compensation cost relating to share-based payment transactions be recognized in the financial statements. The cost of share-based payments is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity awards). The compensation cost is only recognized for the portion of the awards that are expected to vest. Prior to January 1, 2006, the Company applied the intrinsic value method and accounted for share-based compensation to employees in accordance with Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees," and related interpretations. The Company also followed the disclosure requirements of Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," as amended by Statement of Financial Accounting Standards No. 148 ("SFAS 148"), "Accounting for Stock-Based Compensation-Transition and Disclosure."

The Company adopted SFAS 123(R) using the modified prospective method and, accordingly, the consolidated financial statements as of and for the periods ended December 31, 2006 reflect the impact of adopting SFAS 123(R). Also in accordance with the modified prospective method of adoption, the financial statement amounts for periods prior to January 1, 2006 presented in this Annual Report on Form 10-K have not been restated to reflect the fair value method of recognizing compensation cost relating to non-qualified stock options.

In addition to the requirement to recognize compensation cost for those awards granted subsequent to the adoption of SFAS 123(R), SFAS 123(R) also requires that stock-based compensation be recognized for stock-based awards granted prior to the adoption of SFAS 123(R), but not yet vested as of the date of adoption. This compensation cost is based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 148 and SFAS 123. Accordingly, the compensation cost recognized by the Company during the period ended December 31, 2006 included both the compensation cost associated with stock-based awards granted during the periods, as well as compensation cost associated with any unvested awards as of December 31, 2005.

For 2006, there have been changes to the financial statements as a result of adopting SFAS 123(R) compared to applying the original provisions of SFAS 123. Income before income taxes decreased by \$18.5 million. Income from continuing operations and net income decreased \$13.3 million or \$0.09 per basic share or \$0.08 per fully diluted share. Cash flows from operating activities decreased \$11.5 million and cash flows from financing activities increased \$11.5 million, as a result of excess tax benefits on options exercised during 2006 (See also Note 12 to the consolidated financial statements).

Segment Reporting

The Company follows Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosures about Segments of an Enterprise and Related Information." SFAS 131 establishes standards for disclosing information about reportable segments in financial statements. The Company has numerous

operating businesses covering a wide range of products and geographic regions, primarily serving the professional dental market. Professional dental products represented approximately 97% of sales in 2006, 2005 and 2004. In 2006, the Company had three reportable segments and a description of the activities of these segments is included in Note 4 to the consolidated financial statements.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) includes foreign currency translation adjustments related to the Company's foreign subsidiaries, net of the related changes in certain financial instruments hedging these foreign currency investments. In addition, changes in the fair value of the Company's available-for-sale investment securities and certain derivative financial instruments and changes in its minimum pension liability are recorded in accumulated other comprehensive income (loss). These changes are recorded in accumulated other comprehensive income (loss) net of any related tax effects. For the years ended December 31, 2006, 2005 and 2004, these adjustments were net of tax effects of \$73.6 million, \$48.1 million and \$32.0 million, respectively, primarily related to foreign currency translation adjustments.

The balances included in accumulated other comprehensive income in the consolidated balance sheets are as follows:

	December 31,	
	<u>2006</u>	<u>2005</u>
	(in thousands)	
Foreign currency translation adjustments	\$ 135,341	\$ 56,214
Net (loss) gain on derivative financial instruments	(32,565)	15,312
Unrealized gain on available-for-sale securities	333	364
Minimum Pension Liability	-	(15,436)
Unrecognized losses and prior service cost, net	(23,195)	-
	<u>\$ 79,914</u>	<u>\$ 56,454</u>

The cumulative foreign currency translation adjustments included translation gains of \$216.9 million and \$127.9 million as of December 31, 2006 and 2005, respectively, offset by losses of \$81.6 million and \$71.7 million, respectively, on loans designated as hedges of net investments.

The following table details the impact on the relevant components of accumulated other comprehensive income as a result of adopting the provisions of SFAS 158.

	December 31, <u>2005</u>	2006 Minimum Pension Liability <u>Per SFAS 87</u>	Initial Application <u>of SFAS 158</u> (in thousands)	Impact of Change in <u>Exchange Rates</u>	December 31, <u>2006</u>
Accumulated other comprehensive income, net of tax	\$ (15,436)	\$ 8,362	\$ (14,859)	\$ (1,262)	\$ (23,195)

Revisions in Classification

Certain revisions of classification have been made to prior years' data in order to conform to current year presentation.

Cost of Sales

Cost of sales represents costs directly related to the manufacture and distribution of the Company's products. Primary costs include raw materials, packaging, direct labor, overhead, shipping and handling, warehousing and the depreciation of manufacturing, warehousing and distribution facilities. Overhead and related expenses include salaries, wages, employee benefits, utilities, maintenance and property taxes.

Selling, General and Administrative

Selling, general and administrative expenses represent costs incurred in generating revenues and in managing the business of the Company. Such costs include advertising and other marketing expenses, salaries, employee benefits, incentive compensation, research and development, travel, office expenses, amortization of capitalized software and depreciation of administrative facilities.

New Accounting Pronouncements

In September 2006, FASB issued SFAS No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." SFAS 158, which is an amendment of SFAS 87, 88, 106, and 132(R), requires the Company to report the funded status of its defined benefit pension and other postretirement benefit plans on its balance sheets as a net liability or asset as of December 31, 2006. The statement also requires that the Company recognize changes in the funded status in the year in which the changes occur through accumulated other comprehensive income. Additionally, SFAS 158 eliminates the ability to select a measurement date for plan assets and obligations that is prior to the Company's year-end balance sheet date. SFAS 158 does not change how pensions and other postretirement benefits are accounted for and reported in the income statement. SFAS 158 is effective for financial statements issued for fiscal years ending after December 15, 2006, with the requirement to align the measurement date and the year-end balance sheet being effective for years ending after December 15, 2008. Early adoption of the alignment of the measurement date and the year-end balance sheet is encouraged. The Company adopted SFAS 158 for the December 31, 2006 year end using the prospective method as required by the statement. The Company will also early adopt the provision of SFAS 158 that requires the alignment of the measurement date and the year-end balance sheet date. The Company will adopt this provision for the 2007 fiscal year with the only impact being to the Swiss pension plan which has been measured as of September 30 in prior years. The net of tax adjustment to retained earnings will be \$0.4 million (See also Note 14 to the consolidated financial statements).

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108 (“SAB 108”), “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current year Financial Statements”, which provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB 108 was effective at the end of the Company’s 2006 fiscal year. This standard does not have an impact on the Company’s financial statements.

In September 2006, the FASB issued SFAS No. 157 (“SFAS 157”), “Fair Value Measurements,” which requires the Company to define fair value, establish a framework for measuring fair value in generally accepted accounting principles (GAAP), and expand disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not expand the use of fair value to any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and

interim periods within those fiscal years. The Company is currently evaluating the impact of adopting SFAS 157 on the financial statements.

In June 2006, the FASB issued FIN 48, “Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109, Accounting for Income Taxes,” which clarifies the accounting for uncertainty in income taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation requires that the Company recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The provisions of FIN 48 are effective beginning January 1, 2007 with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company expects to record an adjustment to reduce opening retained earnings by up to \$8.0 million.

NOTE 2 - EARNINGS PER COMMON SHARE

On May 10, 2006, the Company announced that its Board of Directors declared a two-for-one stock split in the form of a stock dividend. This stock split became effective on July 17, 2006 and has been retroactively reflected for all periods presented in this Annual Report on Form 10-K.

The following table sets forth the computation of basic and diluted earnings per common share:

	Income From Continuing Operations	Income From Discontinued Operations	Net Income (in thousands, except per share amounts)	Shares	Earnings per common share		
					Continuing Operations	Discontinued Operations	Total
Year Ended December 31, 2006							
Basic	\$ 223,718	\$ -	\$ 223,718	155,229	\$ 1.44	\$ -	\$ 1.44
Incremental shares from assumed exercise of dilutive options	-	-	-	3,042			
Diluted	\$ 223,718	\$ -	\$ 223,718	158,271	\$ 1.41	\$ -	\$ 1.41
Year Ended December 31, 2005							
Basic	\$ 45,413	\$ -	\$ 45,413	159,191	\$ 0.29	\$ -	\$ 0.29
Incremental shares from assumed exercise of dilutive options	-	-	-	2,826			
Diluted	\$ 45,413	\$ -	\$ 45,413	162,017	\$ 0.28	\$ -	\$ 0.28
Year Ended December 31, 2004							
Basic	\$ 210,286	\$ 42,879	\$ 253,165	160,775	\$ 1.31	\$ 0.27	\$ 1.58
Incremental shares from assumed exercise of dilutive options	-	-	-	3,253			
Diluted	\$ 210,286	\$ 42,879	\$ 253,165	164,028	\$ 1.28	\$ 0.26	\$ 1.54

Options to purchase 0.1 million, 2.2 million and 1.0 million shares of common stock that were outstanding during the years ended 2006, 2005 and 2004, respectively, were not included in the computation of diluted earnings per share since the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

NOTE 3 - BUSINESS ACQUISITIONS AND DIVESTITURES

Acquisitions

The Company accounts for all acquisitions under the purchase method of accounting; accordingly, the results of the operations acquired are included in the accompanying financial statements for the periods subsequent to the respective dates of the acquisitions. The purchase prices are allocated on the basis of estimates of the fair values of assets acquired and liabilities assumed.

Effective January 2005, the Company acquired all the outstanding capital stock of GAC SA from the Gebroulaz Foundation. GAC SA is primarily a distributor of orthodontic products with subsidiaries in Switzerland, France, Germany and Norway. The Company purchased GAC SA primarily to further strengthen its orthodontic business through the acquired company's presence in the orthodontic market in Europe. In May 2005, the Company acquired the assets of Raintree Essix, L.L.C. ("Raintree"). Raintree is a brand leader for specialty plastic sheets used in orthodontic treatment, as well as other accessories for the orthodontic market. The Company purchased Raintree primarily to further strengthen its orthodontic product offerings. In May 2005, the Company also acquired

all the outstanding capital stock of Glenroe Technologies, Inc. ("Glenroe"). Glenroe is a manufacturer of orthodontic accessory products including elastic force materials, specialty plastics, and intricate molded plastic parts, including NEOCLIPS, a new product used with DENTSPLY's newly launched Interactive MYSTIQUE bracket (the world's first low friction translucent ceramic bracket). The Company purchased Glenroe primarily to further strengthen its orthodontic product offerings. The above described transactions included aggregate payments at closing of approximately \$18.1 million (net of cash acquired of \$2.7 million). Each transaction included provisions for possible additional payments based on the performance of the individual businesses post closing (generally for two to three years). All of these acquired companies are included in the "Dental Laboratory Business/Implants/Orthodontics/Japan/Asia" operating segment.

The results of operations of the acquired companies are included in the accompanying financial statements since the effective dates of the transactions. The purchase price of these acquisitions has been allocated on the basis of estimates of the fair values of assets acquired and liabilities assumed. The aggregate purchase price allocation for these acquisitions is as follows (in thousands):

Current assets	\$	6,033
Property, plant and equipment		2,063
Identifiable intangible assets and goodwill		25,094
Other long-term assets		<u>26</u>
Total assets	\$	33,216
Current liabilities		(5,070)
Other long-term liabilities		<u>(2,049)</u>
Total liabilities	\$	<u>(7,119)</u>
Net assets	\$	<u>26,097</u>

During 2006, the Company acquired a small dental business in Asia, an implant distribution business in Italy, and the remaining 40% interest of a dental manufacturing business in Brazil (the Company had owned 60% of this business since 2001). The aggregate purchase price for these three transactions was approximately \$6.6 million (net of cash acquired of \$0.3 million). The purchase agreement for the business in Asia also provides for an additional payment to be made based upon the operating performance of the business during the five-year period ending in February 2011. The results of operations for the Asian and Italian businesses have been included in the accompanying financial statements since the effective date of the transactions, and the purchase prices have been allocated on the basis of preliminary estimates of the fair values of assets acquired and liabilities assumed. As the Company had previously owned a controlling 60% interest in the Brazilian business, the balance sheet and the results of operations of that business have been consolidated in the Company's financial statements since 2001, with the resulting immaterial minority interest in net income or net loss being removed through Other (income) expense, net and the minority share of equity being shown on the balance sheet in Minority interests in consolidated subsidiaries.

During 2006, the Company also acquired a 40% interest in Materialise Dental N.V. ("Materialise"), a simulation software company and a leading manufacturer of a variety of surgical guides to assist in the placement of dental implants. The 40% interest was purchased for approximately \$25.5 million and the transaction provides the opportunity for the Company to acquire the remaining 60% interest over time. The Company will account for this investment under the equity method due to

the Company's ability to exercise significant influence over operational and financial policy, as evidenced by the Company assuming two Director seats of Materialise. As required by APB 18, "The Equity Method of Accounting for Investments in Common Stock," the difference between the cost of an equity investment and the underlying equity in the net assets of the investee should be accounted for according to its nature. As such, the Company has determined the difference between the cost of the investment in Materialise and the Company's proportionate share of the underlying equity in the net assets of Materialise, and has evaluated this difference to determine its nature. Based on this evaluation, the Company has determined that the investment in Materialise exceeds the Company's underlying equity in the net assets by approximately \$24.5 million, of which \$2.8 million is attributable primarily to patents and other intangible assets, with the remainder being attributable to goodwill. The amount attributable to patents and other intangible assets will be amortized over five to nine years which is the estimated useful life of the underlying assets. The Company's equity in the net income (loss) of Materialise is not material and is included in "Other (income) expense, net."

The Company has evaluated its investment in Materialise in accordance with the provisions in FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," and has determined that the Company should not consolidate Materialise as of December 31, 2006. The Company will continue to periodically evaluate its investment in Materialise under the provisions of FIN 46 which may result in the future consolidation of Materialise by the Company.

Divestitures

On February 27, 2004, the Company sold the assets and related liabilities of the Gendex business for \$102.5 million cash, plus the assumption of certain pension liabilities. This transaction resulted in a pre-tax gain of \$72.9 million (\$43.0 million after-tax). Gendex is a manufacturer of dental x-ray equipment and accessories and intraoral cameras. The sale of Gendex narrows the Company's product lines to focus primarily on dental consumables, dental laboratory products, and specialty dental products.

NOTE 4 - SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

The operating businesses are combined into operating groups which have overlapping product offerings, geographical presence, customer bases, distribution channels, and regulatory oversight. These operating groups are considered the Company's reportable segments under SFAS 131 as the Company's chief operating decision-maker regularly reviews financial results at the operating group level and uses this information to manage the Company's operations. The accounting policies of the segments are consistent with those described for the consolidated financial statements in the summary of significant accounting policies (see Note 1 to the consolidated financial statements). The Company measures segment income for reporting purposes as net operating profit before restructuring, impairment, interest and taxes. A description of the services provided within each of the Company's three reportable segments is provided below. The disclosure below reflects the Company's segment reporting structure through December 31, 2006. In January 2007, the Company revised its operating group structure and expanded into four operating groups. Segment information will be reflected under this revised structure beginning in the first quarter of 2007.

A description of the activities of the Company's three reportable segments follows:

U.S., Europe, CIS, Middle East, Africa Consumable Business/Canada

This business group includes responsibility for the design, manufacturing, sales, and distribution for certain small equipment, chairside consumable products and dental anesthetics in the U.S., Europe, the Commonwealth of Independent States ("CIS"), Middle East, Africa and the sales and distribution of substantially all Company products in Canada. This business group also has responsibility for the sales and distribution of endodontic products in the U.K. and endodontic and laboratory products in France, Italy, Middle East, Africa, and the CIS.

Australia/Latin America/Endodontics/Non-Dental

This business group includes responsibility for the design, manufacture, and/or sales and distribution of dental anesthetics, chairside consumable and laboratory products in Brazil. This business group also has responsibility for the sales and distribution of all Company dental products sold in Australia and Latin America. Additionally, this business group includes the

responsibility for the design and manufacturing for endodontic products, and is responsible for sales and distribution of all Company endodontic products in the U.S., Canada, Switzerland, Benelux, Scandinavia, and Eastern Europe, and certain endodontic products in Germany. This business group is also responsible for the Company's non-dental business.

Dental Laboratory Business/Implants/Orthodontics/Japan/Asia

This business group includes the responsibility for the design and manufacture of laboratory products in the U.S., Puerto Rico, Germany, The Netherlands and China and for the sales and distribution of these products in the U.S., Germany, Austria, the U.K., Benelux, Scandinavia, Iberia, Eastern Europe, and certain products in Italy. Additionally, this business group is responsible for the design, manufacture, worldwide sales and distribution of substantially all of the Company's dental implant and bone grafting materials and the worldwide sales and distribution of the Company's orthodontic products. This business group is also responsible for sales and distribution of all Company products throughout Asia and Japan.

Significant interdependencies exist among the Company's operations in certain geographic areas. Inter-group sales are at prices intended to provide a reasonable profit to the manufacturing unit after recovery of all manufacturing costs and to provide a reasonable profit for purchasing locations after coverage of selling, general and administrative costs.

Generally, the Company evaluates performance of the operating groups based on the groups' operating income and net third party sales, excluding precious metal content. The Company considers net third party sales, excluding precious metal content, as the appropriate sales measurement due to the fluctuations of precious metal prices and due to the fact that the precious metal content is largely a pass-through to customers and has minimal effect on earnings.

The following table sets forth information about the Company's operating groups for 2006, 2005 and 2004.

	<u>Third Party Net Sales, including precious metal content</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
		(in thousands)	
U.S., Europe, CIS, Middle East, Africa Consumable Business/Canada	\$ 606,954	\$ 580,526	\$ 546,533
Australia/Latin America/Endodontics/Non-Dental	368,421	359,870	339,130
Dental Laboratory Business/Implants/Orthodontics/Japan/Asia	839,097	777,899	811,879
All Other (a)	(3,976)	(3,160)	(3,310)
Total Net Sales	<u>\$ 1,810,496</u>	<u>\$ 1,715,135</u>	<u>\$ 1,694,232</u>

	<u>Third Party Net Sales, excluding precious metal content</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
		(in thousands)	
U.S., Europe, CIS, Middle East, Africa Consumable Business/Canada	\$ 604,167	\$ 578,681	\$ 545,537
Australia/Latin America/Endodontics/Non-Dental	366,174	357,848	337,380
Dental Laboratory Business/Implants/Orthodontics/Japan/Asia	656,709	609,342	601,476
All Other (a)	(3,976)	(3,160)	(3,310)
Total Net Sales, excluding Precious Metal Content	\$ 1,623,074	\$ 1,542,711	\$ 1,481,083
Precious Metal Content of Sales	<u>187,422</u>	<u>172,424</u>	<u>213,149</u>
Total Net Sales, including Precious Metal Content	<u>\$ 1,810,496</u>	<u>\$ 1,715,135</u>	<u>\$ 1,694,232</u>

(a) Includes: operating expenses of one distribution warehouse not managed by named segments, Corporate and inter-segment eliminations.

Intersegment Net Sales

	<u>2006</u>	<u>2005</u> (in thousands)	<u>2004</u>
U.S., Europe, CIS, Middle East, Africa			
Consumable Business/Canada	\$ 121,639	\$ 121,054	\$ 119,841
Australia/Latin America/Endodontics/ Non-Dental	72,431	63,616	60,006
Dental Laboratory Business/Implants/ Orthodontics/Japan/Asia	44,456	28,238	26,173
All Other (b)	128,306	127,790	127,500
Eliminations	<u>(366,832)</u>	<u>(340,698)</u>	<u>(333,520)</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation and Amortization

	<u>2006</u>	<u>2005</u> (in thousands)	<u>2004</u>
U.S., Europe, CIS, Middle East, Africa			
Consumable Business/Canada	\$ 12,512	\$ 16,439	\$ 13,525
Australia/Latin America/Endodontics/ Non-Dental	11,571	10,945	10,176
Dental Laboratory Business/Implants/ Orthodontics/Japan/Asia	15,100	15,645	17,234
All Other (a)	<u>8,251</u>	<u>7,531</u>	<u>8,361</u>
Total	<u>\$ 47,434</u>	<u>\$ 50,560</u>	<u>\$ 49,296</u>

Segment Operating Income

	<u>2006</u>	<u>2005</u> (in thousands)	<u>2004</u>
U.S., Europe, CIS, Middle East, Africa			
Consumable Business/Canada	\$ 148,592	\$ 122,049	\$ 123,696
Australia/Latin America/Endodontics/ Non-Dental	148,664	146,768	143,472
Dental Laboratory Business/Implants/ Orthodontics/Japan/Asia	116,175	100,783	103,387
All Other (a)	<u>(90,830)</u>	<u>(63,923)</u>	<u>(68,301)</u>
Segment Operating Income	\$ 322,601	\$ 305,677	\$ 302,254
Reconciling Items:			
Restructuring and other costs	7,807	232,755	7,124
Interest Expense	10,801	17,773	25,098
Interest Income	(12,484)	(9,005)	(5,469)
Other (income) expense, net	<u>1,640</u>	<u>(6,884)</u>	<u>1,346</u>
Income before income taxes	<u>\$ 314,837</u>	<u>\$ 71,038</u>	<u>\$ 274,155</u>

(a) Includes: operating expenses of one distribution warehouse not managed by named segments, Corporate and inter-segment eliminations.

(b) Includes: one distribution warehouse not managed by named segments and Corporate.

Assets

	<u>2006</u>	<u>2005</u> (in thousands)	<u>2004</u>
U.S., Europe, CIS, Middle East, Africa			
Consumable Business/Canada (b)	\$ 457,690	\$ 458,938	\$ 642,214
Australia/Latin America/Endodontics/ Non-Dental	593,532	566,798	582,828
Dental Laboratory Business/Implants/ Orthodontics/Japan/Asia (b)	882,210	766,410	861,811
All Other (a)	<u>247,918</u>	<u>618,227</u>	<u>711,292</u>
Total	<u>\$ 2,181,350</u>	<u>\$ 2,410,373</u>	<u>\$ 2,798,145</u>

Capital Expenditures

	<u>2006</u>	<u>2005</u> (in thousands)	<u>2004</u>
U.S., Europe, CIS, Middle East, Africa			
Consumable Business/Canada	\$ 10,208	\$ 19,994	\$ 28,434
Australia/Latin America/Endodontics/ Non-Dental	13,528	10,215	10,460
Dental Laboratory Business/Implants/ Orthodontics/Japan/Asia	16,343	9,775	10,006
All Other (a)	<u>10,537</u>	<u>5,309</u>	<u>3,136</u>
Total	<u>\$ 50,616</u>	<u>\$ 45,293</u>	<u>\$ 52,036</u>

- (a) Includes: operating expenses of one distribution warehouse not managed by named segments, Corporate and inter-segment eliminations.
- (b) During 2005, the Company recorded \$233.1 million (\$179.6 million after tax) for impairment and restructuring charge against the indefinite-lived injectable anesthetic asset and the long-lived pharmaceutical manufacturing facility assets. Of this charge, \$209.9 million (\$166.1 million after tax) was recorded in the U.S., Europe, CIS, Middle East, Africa Consumable Business/Canada segment, and the remaining \$23.2 million (\$13.5 million after tax) was recorded in the Dental Laboratory Business/Implants/Orthodontics/Japan/Asia segment. This impairment did not impact the Company's needle-free Oraqix® product.

Geographic Information

The following table sets forth information about the Company's operations in different geographic areas for 2006, 2005 and 2004. Net sales reported below represent revenues for shipments made by operating businesses located in the country or territory identified, including export sales. Assets reported represent those held by the operating businesses located in the respective geographic areas.

	<u>United States</u>	<u>Germany</u>	<u>Switzerland</u> (in thousands)	<u>Other Foreign</u>	<u>Consolidated</u>
<u>2006</u>					
Net sales	\$ 687,834	\$ 398,963	\$ 104,162	\$ 619,537	\$ 1,810,496
Long-lived assets	168,230	133,500	68,179	77,519	447,428
<u>2005</u>					
Net sales	\$ 756,627	\$ 365,984	\$ 102,697	\$ 489,827	\$ 1,715,135
Long-lived assets	150,085	104,997	63,615	72,896	391,593
<u>2004</u>					
Net sales	\$ 727,875	\$ 436,047	\$ 92,767	\$ 437,543	\$ 1,694,232
Long-lived assets	204,807	125,897	60,118	76,393	467,215

Product and Customer Information

The following table presents net sales information by product category:

	<u>Year Ended December 31,</u>		
	<u>2006</u>	<u>2005</u> (in thousands)	<u>2004</u>
Dental consumables	\$ 649,950	\$ 618,909	\$ 578,128
Dental laboratory products	493,932	473,942	559,278
Specialty dental products	622,245	580,509	520,001
Non-dental	<u>44,369</u>	<u>41,775</u>	<u>36,825</u>
Total Net Sales	\$ 1,810,496	\$ 1,715,135	\$ 1,694,232

Dental consumable products consist of dental sundries and small equipment products used in dental offices in the treatment of patients. DENTSPLY's products in this category include dental injectable anesthetics, prophylaxis paste, dental sealants, impression materials, restorative materials, bone grafting materials, tooth whiteners and topical fluoride. The Company manufactures thousands of different consumable products marketed under more than a hundred brand names. Small equipment products consist of various durable goods used in dental offices for treatment of patients. DENTSPLY's small equipment products include high and low speed handpieces, intraoral curing light systems and ultrasonic scalers and polishers.

Dental laboratory products are used in dental laboratories in the preparation of dental appliances. DENTSPLY's products in this category include dental prosthetics, including artificial teeth, precious metal dental alloys, dental ceramics, and crown and bridge materials and equipment products used in laboratories consisting of computer aided machining (CAM) ceramic systems and porcelain furnaces.

Specialty dental products are specialized treatment products used within the dental office and laboratory settings. DENTSPLY's products in this category include endodontic (root canal) instruments and materials, implants and related products, and orthodontic appliances and accessories.

	(in thousands)	
Assets, at cost:		
Land	\$ 37,337	\$ 41,938
Buildings and improvements	208,116	194,443
Machinery and equipment	378,569	327,708
Construction in progress	<u>14,698</u>	<u>10,402</u>
	638,720	574,491
Less: Accumulated depreciation	<u>309,104</u>	<u>258,273</u>
Property, plant and equipment, net	<u>\$ 329,616</u>	<u>\$ 316,218</u>

NOTE 9 – GOODWILL AND INTANGIBLE ASSETS

The Company follows Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets." This statement requires that the amortization of goodwill and indefinite-lived intangible assets be discontinued and instead an annual impairment test approach be applied. The impairment tests are required to be performed annually (or more often if events or changes in circumstances indicate that the goodwill or indefinite-lived intangible assets might be impaired) and are based upon a fair value approach rather than an evaluation of undiscounted cash flows. If goodwill impairment is identified, the resulting charge is determined by recalculating goodwill through a hypothetical purchase price allocation of the fair value and reducing the current carrying value to the extent it exceeds the recalculated goodwill. If impairment is identified on indefinite-lived intangibles, the resulting charge reflects the excess of the asset's carrying cost over its fair value. Other intangible assets with finite lives are amortized over their useful lives.

The Company performed the required annual impairment tests of goodwill and indefinite-lived intangible assets in June 2006 and no impairment was identified. This impairment assessment included an evaluation of approximately twenty-five reporting units. In addition to minimum annual impairment tests, SFAS 142 also requires that impairment assessments be made more frequently if events or changes in circumstances indicate that the goodwill or indefinite-lived intangible assets might be impaired. As the Company learns of such changes in circumstances through periodic analysis of actual results or through the annual development of operating unit business plans in the fourth quarter of each year, for example, impairment assessments are performed as necessary.

The table below presents the net carrying values of goodwill and identifiable intangible assets.

	December 31,	
	2006	2005
	(in thousands)	
Goodwill	<u>\$ 995,382</u>	<u>\$ 933,227</u>
Indefinite-lived identifiable intangible assets:		
Trademarks	\$ 4,080	\$ 4,080
Finite-lived identifiable intangible assets	<u>63,568</u>	<u>64,520</u>
Total identifiable intangible assets	<u>\$ 67,648</u>	<u>\$ 68,600</u>

A reconciliation of changes in the Company's goodwill is as follows:

	December 31,	
	<u>2006</u>	<u>2005</u>
	(in thousands)	
Balance, beginning of the year	\$ 933,227	\$ 996,262
Acquisition activity	14,318	16,275
Changes to purchase price allocation	(3,171)	(9,481)
Effects of exchange rate changes	<u>51,008</u>	<u>(69,829)</u>
Balance, end of the year	<u>\$ 995,382</u>	<u>\$ 933,227</u>

The change in the net carrying value of goodwill from 2005 to 2006 was primarily due to foreign currency translation adjustments, three acquisitions, additional payments based on the performance of the previously acquired Raintree and Glenroe businesses, and changes to the purchase price allocations of the Degussa Dental and Friadent acquisitions. The purchase price allocation changes were primarily related to the reversal of preacquisition tax contingencies due to expiring statutes. The change in the net carrying value of goodwill in 2005 was primarily due to foreign currency translation adjustments, three acquisitions and changes to the purchase price allocations of the Degussa Dental, GAC, and Friadent acquisitions. The purchase price allocation changes were primarily related to the reversal of preacquisition tax contingencies due to expiring statutes.

Goodwill by reportable segment is as follows:

	December 31,	
	<u>2006</u>	<u>2005</u>
	(in thousands)	
U.S., Europe, CIS, Middle East, Africa		
Consumable Business/ Canada	\$ 128,278	\$ 123,335
Australia/Latin America/Endodontics/ Non-Dental	179,399	173,523
Dental Laboratory Business/Implants/ Orthodontics/Japan/Asia	<u>687,705</u>	<u>636,369</u>

Total

\$ 995,382

\$ 933,227

Finite-lived identifiable intangible assets consist of the following:

	December 31, 2006			December 31, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in thousands)					
Patents	\$ 56,293	\$ (43,080)	\$ 13,213	\$ 54,467	\$ (39,643)	\$ 14,824
Trademarks	35,837	(11,067)	24,770	33,913	(9,486)	24,427
Licensing agreements	34,681	(13,162)	21,519	30,158	(10,622)	19,536
Other	<u>16,133</u>	<u>(12,067)</u>	<u>4,066</u>	<u>18,928</u>	<u>(13,195)</u>	<u>5,733</u>
	<u>\$ 142,944</u>	<u>\$ (79,376)</u>	<u>\$ 63,568</u>	<u>\$ 137,466</u>	<u>\$ (72,946)</u>	<u>\$ 64,520</u>

Amortization expense for finite-lived identifiable intangible assets for 2006, 2005 and 2004 was \$7.0 million, \$8.5 million and \$8.5 million, respectively. The annual estimated amortization expense related to these intangible assets for each of the five succeeding fiscal years is \$6.8 million, \$6.4 million, \$6.2 million, \$4.7 million and \$4.5 million for 2007, 2008, 2009, 2010 and 2011, respectively.

NOTE 10 - ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	December 31,	
	2006	2005
	(in thousands)	
Payroll, commissions, bonuses, other cash compensation and employee benefits	\$ 62,354	\$ 54,294
General insurance	17,151	17,441
Sales and marketing programs	21,287	17,429
Professional and legal costs	12,004	13,559
Restructuring and other costs (Note 15)	4,657	4,871
Warranty liabilities	4,270	3,536
Other (a)	<u>59,473</u>	<u>51,760</u>
	<u>\$ 181,196</u>	<u>\$ 162,890</u>

(a) The increase in other accrued liabilities was related to the accrual of performance based payments associated with the previously acquired Raintree and Glenroe businesses, as well as the impact of currency translation due to the weakening of the U.S. dollar during 2006 against most of the local currencies in which the Company's subsidiaries conduct business.

A reconciliation of changes in the Company's warranty liability for 2006 and 2005 is as follows:

	December 31,	
	2006	2005
	(in thousands)	
Balance, beginning of the year	\$ 3,536	\$ 3,681
Accruals for warranties issued during the year	847	1,367
Accruals related to pre-existing warranties	79	291
Warranty settlements made during the year	(714)	(1,551)
Effects of exchange rate changes	<u>522</u>	<u>(252)</u>
Balance, end of the year	<u>\$ 4,270</u>	<u>\$ 3,536</u>

NOTE 11 - FINANCING ARRANGEMENTS

Short-Term Borrowings

Short-term bank borrowings amounted to \$2.8 million and \$1.4 million at December 31, 2006 and 2005, respectively. The weighted average interest rates of these borrowings were 14.0% and 2.5% at December 31, 2006 and 2005, respectively. Unused lines of credit for short-term financing at December 31, 2006 and 2005 were \$26.4 million and \$49.2 million, respectively. Substantially all other short-term borrowings were classified as long-term as of December 31, 2006 and 2005, reflecting the Company's intent and ability to refinance these obligations beyond one year and are included in the table below. The unused lines of credit have no major restrictions and are provided under demand notes between the Company and the lending institution. Interest is charged on borrowings under these lines of credit at various rates, generally below prime or equivalent money rates.

Long-Term Borrowings

December 31,
2006 (in thousands) 2005

Multi-currency revolving credit agreement expiring May 2010		
- U.S. dollar 50 million at 5.73%	\$ 50,000	\$ -
- Japanese yen 12.6 billion at 0.89%	105,417	106,359
- Swiss francs 65 million at 2.29%	53,287	-
Prudential private placement notes, Swiss franc denominated, 28.1 million (56.3 million at December 2005) at 4.56% and 27.5 million (55.0 million at December 2005) at 4.42% maturing March 2007, 80.4 million at 4.96% matured October 2006	45,595	145,662
Eurobonds, 350.0 million Euros at 5.75% matured December 2006	-	419,348
U.S. dollar commercial paper facility rated A/2-P/2 U.S. dollar borrowings at 5.45%	55,000	6,700
Euro multi-currency commercial paper facility rated A/2-P/2, 38 million Euro at 3.71%	50,122	-
Other borrowings, various currencies and rates	7,961	2,814
	\$ 367,382	\$ 680,883
Less: Current portion (included in notes payable and current portion of long-term debt)	221	410,779
	<u>\$ 367,161</u>	<u>\$ 270,104</u>

The table below reflects the contractual maturity dates of the various borrowings at December 31, 2006 (in thousands). The individual borrowings under the revolving credit agreement are structured to mature on a quarterly basis but because the Company has the intent and ability to extend them until the expiration date of the agreement, these borrowings are considered contractually due in May 2010.

2007	\$ 221
2008	1,527
2009	111
2010	364,922
2011	69
2012 and beyond	532
	<u>\$ 367,382</u>

The Company utilizes interest rate swaps to convert the variable rate Japanese yen and Swiss franc denominated debt under the revolving facility to fixed rate debt. The Company's use of interest rate swaps is further described in Note 16 – Financial Instruments and Derivatives to the consolidated financial statements.

The Company has a \$500 million revolving credit agreement with participation from thirteen banks. The revolving credit agreements contain a number of covenants and two financial ratios which the Company is required to satisfy. The most restrictive of these covenants pertain to asset dispositions and prescribed ratios of indebtedness to total capital and operating income plus depreciation and amortization to interest expense. Any breach of any such covenants or restrictions would result in a default under the existing borrowing documentation that would permit the lenders to declare all borrowings under such documentation to be immediately due and payable and, through cross default provisions, would entitle the Company's other lenders to accelerate their loans. At December 31, 2006, the Company was in compliance with these covenants. The Company pays a facility fee of 0.10% annually on the amount of the commitment under the \$500 million five year facility. The entire \$500 million revolving credit agreement has a usage fee of 0.10% annually if utilization exceeds 50% of the total available facility. Interest rates on amounts borrowed under the facility will depend on the maturity of the borrowing, the currency borrowed, the interest rate option selected, and the Company's long-term credit rating from Moody's and Standard and Poors.

The Company has complementary U.S. dollar and Euro multicurrency commercial paper facilities totaling \$250 million which have utilization, dealer, and annual appraisal fees which on average cost 0.11% annually. The \$500 million revolving credit facility acts as back-up credit to these commercial paper facilities. The total available credit under the commercial paper facilities and the revolving credit facility is \$500 million. Outstanding commercial paper and revolving credit obligations were \$105.1 million and \$208.7 million, respectively, at December 31, 2006.

In March 2001, the Company issued Series A and B private placement notes to Prudential Capital Group totaling Swiss francs 166.9 million at an average rate of 4.49% with six year final maturities. In October 2001, the Company issued a Series C private placement note to Prudential Capital Group for Swiss francs 80.4 million at a rate of 4.96% with a five year final maturity. The series A and B notes were also amended in October 2001 to increase the interest rate by 30 basis points, reflecting the Company's higher leverage. The private placement notes contain a number of covenants and two financial ratios which the Company is required to satisfy. The most restrictive of these covenants pertain to asset dispositions, maintenance of certain levels of net worth, and prescribed ratios of indebtedness to total capital and operating income plus depreciation and amortization to interest expense. In December 2001, the Company issued a private placement note through ABN AMRO for Japanese yen 6.2 billion at a rate of 1.39% with a four year final maturity. The Series C note and the ABN note were issued to partially finance the Degussa Dental acquisition. The Company has completely retired the ABN note. The Company has made the first two of three mandatory prepayments under Series A and B notes and has completely retired the Series C note.

In December 2001, the Company issued 350 million of Euro denominated bonds ("Eurobonds") with a coupon of 5.75%, maturing December 2006 at an effective yield of 5.89%. The Company has completely retired the Eurobond.

At December 31, 2006, the Company had total unused lines of credit, including lines available under its short-term arrangements and revolving credit agreement, of \$212.5 million.

NOTE 12 - STOCKHOLDERS' EQUITY

At December 31, 2005, the Company had authorization to maintain up to 11,000,000 shares of treasury stock under the stock repurchase program as approved by the Board of Directors. In December 2006, the Board of Directors increased the authorization to repurchase shares under the stock repurchase program in an amount to maintain up to 14,000,000 shares of treasury stock. Under the stock repurchase program, the Company purchased 9,689,024 shares during 2006 at an average price of \$30.32. As of December 31, 2006 and 2005, the Company held 10,984,633 and 5,066,566 shares of treasury stock, respectively. The Company also received proceeds of \$53.6 million as a result of the exercise of 3,770,963 stock options during the year ended December 31, 2006.

<u>Common</u> <u>Shares</u>	<u>Treasury</u> <u>Shares</u>	<u>Outstanding</u> <u>Shares</u>
	(in thousands)	

Balance at December 31, 2003	162,776	(4,274)	158,502
Exercise of stock options	-	4,330	4,330
Repurchase of common stock at cost	-	(1,570)	(1,570)
	<u>162,776</u>	<u>(1,514)</u>	<u>161,262</u>
Balance at December 31, 2004	162,776	(1,514)	161,262
Exercise of stock options	-	2,452	2,452
Repurchase of common stock at cost	-	(6,005)	(6,005)
	<u>162,776</u>	<u>(5,067)</u>	<u>157,709</u>
Balance at December 31, 2005	162,776	(5,067)	157,709
Exercise of stock options	-	3,771	3,771
Repurchase of common stock at cost	-	(9,689)	(9,689)
	<u>162,776</u>	<u>(10,985)</u>	<u>151,791</u>
Balance at December 31, 2006	<u>162,776</u>	<u>(10,985)</u>	<u>151,791</u>

The Company has stock options outstanding under three stock option plans (1993 Plan, 1998 Plan and 2002 Amended and Restated Plan (“the 2002 Plan”). Further grants can only be made under the 2002 Plan. Under the 1993 and 1998 Plans, a committee appointed by the Board of Directors granted to key employees and directors of the Company, options to purchase shares of common stock at an exercise price determined by such committee, but not less than the fair market value of the common stock on the date of grant. Options generally expire ten years after the date of grant under these plans and grants become exercisable over a period of three years after the date of grant at the rate of one-third per year, except that they become immediately exercisable upon death, disability or qualified retirement.

The 2002 Plan authorized grants of 14.0 million shares of common stock, plus any unexercised portion of canceled or terminated stock options granted under the DENTSPLY International Inc. 1993 and 1998 Plans, subject to adjustment as follows: each January, if 7% of the outstanding common shares of the Company exceed 14.0 million, the excess becomes

available for grant under the Plan. The 2002 Plan enables the Company to grant “incentive stock options” (“ISOs”) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, to key employees of the Company, and “non-qualified stock options” (“NSOs”) which do not constitute ISOs to key employees and non-employee directors of the Company. The 2002 Plan also enables the Company to grant stock which is subject to certain forfeiture risks and restrictions (“Restricted Stock”), stock delivered upon vesting of units (“Restricted Stock Units”) and stock appreciation rights (“SARs”). ISOs and NSOs are collectively referred to as “options.” Options, Restricted Stock, Restricted Stock Units and SARs are collectively referred to as “Awards.” Grants of equity compensation to key employees are solely discretionary with the Board of Directors of the Company, acting through the Human Resource Committee. Stock option awards generally expire ten years from date of grant and become exercisable over a period of three years after the date of grant at the rate of one-third per year, except that they become immediately exercisable upon death, disability or qualified retirement. Such awards are granted at exercise prices not less than the fair market value of the common stock on the grant date.

The number of shares available for grant under the 2002 Plan as of December 31, 2006 was 6,797,368 shares. Each non-employee director receives an automatic grant of NSOs to purchase 20,000 shares of common stock on the date he or she becomes a non-employee director and an additional 20,000 options on the third anniversary of the date the non-employee director was last granted an option.

The total compensation cost related to non-qualified stock options recognized in the operating results for the year ended December 31, 2006 was \$19.6 million. This amount represents the aggregate fair value of options vested during 2006, including stock-based awards granted prior to January 1, 2006, but not yet vested as of that date. These costs were included in the cost of products sold and selling, general and administrative expenses. The associated future income tax benefit recognized during the year ended December 31, 2006 was \$5.3 million. The remaining unamortized compensation cost related to 6,567,821 non-qualified stock options is \$22.6 million which will be expensed over the weighted average remaining vesting period of the options, or 1.8 years. Cash received from stock option exercises for the year ended December 31, 2006 was \$53.6 million. It is the Company’s practice to issue shares from treasury stock when options are exercised. The estimated cash tax benefit to be realized for the options exercised in the year ended December 31, 2006 was \$18.9 million. The aggregate intrinsic value of stock options exercised in the year ended December 31, 2006 was \$53.6 million. The aggregate intrinsic value of the outstanding stock options as of December 31, 2006 was \$83.0 million.

Under SFAS 123(R), the Company continues to use the Black-Scholes option-pricing model to estimate the fair value of each option awarded. The Black-Scholes option valuation model was developed for use in estimating the fair value of short-term traded options that have no vesting restrictions and are fully transferable, and requires the input of certain assumptions that require an element of judgment on the part of management to determine. The significant assumptions that require the use of management’s judgment include the expected stock price volatility and the expected life of the option. For the periods ended December 31, 2006 and 2005, the Company has relied on observations of both historical volatility trends as well as implied future volatility derived from traded options of the Company with features similar to those of the options being valued. In determining the expected life of the option grants, the Company has observed the actual terms of prior grants with similar characteristics, the actual vesting schedule of the grants and has assessed the term of grants still being held by optionees.

In addition to the assumptions noted previously, the Black-Scholes option pricing model also requires the input of the expected dividend yield of the underlying equity instrument and the risk-free interest rate for a period that coincides with the expected life of the option. The expected dividend yield is based on the dividend rates at the time the option is issued. The risk-free rate for the expected life of the option is based on the U.S. treasury yield curve in effect at the time of grant. The following table sets forth the assumptions used to determine compensation cost for our non-qualified stock options issued during the years ended December 31, 2006, 2005 and 2004:

	Year Ended December 31,		
	2006	2005	2004
Per share fair value	\$ 7.28	\$ 7.53	\$ 6.73
Expected dividend yield	0.51%	0.50%	0.44%
Risk-free interest rate	4.50%	4.40%	3.56%
Expected volatility	17%	20%	20%
Expected life (years)	4.83	5.50	5.50

Substantially all stock options issued during the years ended December 31, 2005 and 2004 were issued with an exercise price that was equal to the market value of the underlying stock at the grant date. As a result, under APB No. 25, there was no compensation recognized for these shares. The following table sets forth pro forma information for these shares as if compensation cost had been determined consistent with the requirements of SFAS No. 123 for the years ended December 31, 2005 and 2004:

	Year Ended December 31,	
	2005	2004
	(in thousands, except per share amounts)	
Net income as reported	\$ 45,413	\$ 253,165
Deduct: Stock-based employee compensation expense determined under fair value method, net of related tax	(13,784)	(11,668)
Pro forma net income	\$ 31,629	\$ 241,497
Basic earnings per common share		
As reported	\$ 0.29	\$ 1.57
Pro forma under fair value based method	\$ 0.20	\$ 1.50
Diluted earnings per common share		
As reported	\$ 0.28	\$ 1.54
Pro forma under fair value based method	\$ 0.19	\$ 1.47

In addition to those shares issued during the years ended December 31, 2005 and 2004 that had an exercise price equal to the market value of the underlying stock at the grant date, the Company also issued a limited number of non-qualified stock options that had an exercise price less than the market value of the underlying stock at the grant date. As a result, under APB No. 25, compensation cost of \$1.0 million and \$1.1 million related to non-qualified stock options was recognized in the operating results for the years ended December 31, 2005 and 2004, respectively.

The following is a summary of the status of the Plans as of December 31, 2006, 2005 and 2004 and changes during the years ending on those dates:

	Outstanding		Exercisable		Available for Grant Shares
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	
December 31, 2003	16,354,914	\$ 14.18	10,450,600	\$ 11.11	12,232,528
Authorized (Lapsed)	-				16,200
Granted	2,255,598	26.81			(2,255,598)
Exercised	(4,234,968)	10.52			-
Expired/Canceled	(505,634)	13.29			505,634
December 31, 2004	13,869,910	\$ 17.38	8,997,778	\$ 14.00	10,498,764
Authorized (Lapsed)	-				73,800
Granted	2,660,964	27.68			(2,660,964)
Exercised	(2,531,520)	12.70			-
Expired/Canceled	(138,460)	31.37			138,460
December 31, 2005	13,860,894	\$ 20.07	9,252,218	\$ 16.93	8,050,060
Authorized (Lapsed)	-				-
Granted	1,675,050	31.04			(1,675,050)
Exercised	(3,549,795)	15.10			-
Expired/Canceled	(422,358)	25.94			422,358
December 31, 2006	11,563,791	\$ 22.97	7,912,549	\$ 20.21	6,797,368

The following table summarizes information about stock options outstanding under the Plans at December 31, 2006:

Options Outstanding			Options Exercisable	
Number Outstanding at	Weighted Average Remaining Contractual	Weighted Average	Number Exercisable at	Weighted Average

	December 31, <u>2006</u>	Life (<u>in years</u>)	Exercise <u>Price</u>	December 31, <u>2006</u>	Exercise <u>Price</u>
\$5.0000 - \$7.5000	600	1.7	\$ 7.17	600	\$ 7.17
7.5100 - 10.0000	698,620	2.5	8.25	698,620	8.25
10.0100 - 12.5000	685,300	3.9	12.32	685,300	12.32
12.5100 - 15.0000	26,000	4.6	14.54	26,000	14.54
15.0100 - 17.5000	836,424	4.9	15.58	836,424	15.58
17.5100 - 20.0000	1,509,144	5.5	18.46	1,509,144	18.46
20.0100 - 22.5000	1,934,565	6.5	22.09	1,877,502	22.10
22.5100 - 25.0000	94,067	7.0	24.37	68,205	24.31
25.0100 - 27.5000	1,790,092	7.6	27.32	1,192,081	27.36
27.5100 - 32.5000	<u>3,988,979</u>	8.9	29.13	<u>1,018,673</u>	28.12
	<u>11,563,791</u>	6.9	\$ 22.97	<u>7,912,549</u>	\$ 20.21

SFAS 123(R) also amended SFAS No. 95 ("SFAS No. 95"), "Statement of Cash Flows," to require that excess tax benefits from exercised options be reported as a financing cash inflow rather than as a reduction of taxes paid. Prior to the adoption of SFAS 123(R), the Company recorded all tax benefits from deductions in excess of compensation expense as an operating cash flow in accordance with SFAS No. 95. Upon the adoption of SFAS 123(R) on January 1, 2006, the Company began to reflect the tax benefits from deductions in excess of compensation expense as an inflow from financing activities in the Statement of Cash Flows rather than as an operating cash flow as in prior periods. As the Company has adopted SFAS 123(R) using the modified prospective method, no adjustment has been made to the prior periods reported in this Annual Report on Form 10-K.

NOTE 13 - INCOME TAXES

The components of income before income taxes from continuing operations are as follows:

	<u>Year Ended December 31,</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
United States ("U.S.")	\$ 102,059	(in thousands) \$ 53,473	\$ 111,779
Foreign	<u>212,778</u>	<u>17,565</u>	<u>162,376</u>
	<u>\$ 314,837</u>	<u>\$ 71,038</u>	<u>\$ 274,155</u>

The components of the provision for income taxes from continuing operations are as follows:

	<u>Year Ended December 31,</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
		(in thousands)	
Current:			
U.S. federal	\$ 17,148	\$ 62,892	\$ 20,706
U.S. state	652	2,717	197
Foreign	<u>19,619</u>	<u>51,793</u>	<u>35,908</u>
Total	\$ <u>37,419</u>	\$ <u>117,402</u>	\$ <u>56,811</u>
Deferred:			
U.S. federal	\$ 34,336	\$ (63,821)	\$ 2,556
U.S. state	(10,132)	(1,129)	479
Foreign	<u>29,496</u>	<u>(26,827)</u>	<u>4,023</u>
Total	\$ <u>53,700</u>	\$ <u>(91,777)</u>	\$ <u>7,058</u>
	<u>\$ 91,119</u>	<u>\$ 25,625</u>	<u>\$ 63,869</u>

The reconciliation of the U.S. federal statutory tax rate to the effective rate is as follows:

	<u>Year Ended December 31,</u>					
	<u>2006</u>		<u>2005</u>		<u>2004</u>	
Statutory federal income tax rate	35.0	%	35.0	%	35.0	%
Effect of:						
State income taxes, net of federal benefit	0.4		2.5		0.2	
Federal benefit of R&D and Foreign Tax Credits	(2.3)		(2.4)		(1.5)	
Tax effect of international operations	(3.2)		10.7		(6.3)	
Net effect of tax audit activity	0.6		7.2		(2.0)	
Federal benefit of extraterritorial income exclusion	(0.4)		(2.6)		(0.9)	
Federal tax on unremitted earnings of certain foreign subsidiaries	-		(15.6)		1.0	
Valuation Allowance Adjustments	(2.2)		-		-	

\$965 Repatriation	-	6.6	-
Other	<u>1.0</u>	<u>(5.3)</u>	<u>(2.2)</u>
Effective income tax rate on continuing operations	<u>28.9</u> %	<u>36.1</u> %	<u>23.3</u> %

The tax effect of temporary differences giving rise to deferred tax assets and liabilities are as follows:

	December 31, 2006		December 31, 2005	
	Current Asset (Liability)	Noncurrent Asset (Liability)	Current Asset (Liability)	Noncurrent Asset (Liability)
	(in thousands)			
Employee benefit accruals	\$ 2,843	\$ 14,973	\$ 2,142	\$ 10,341
Product warranty accruals	917	-	890	-
Insurance premium accruals	6,292	-	5,957	-
Commission and bonus accrual	1,983	-	1,993	-
Sales and marketing accrual	1,885	-	1,768	-
Restructuring and other cost accruals	1,221	389	1,047	-
Differences in financial reporting and tax basis for:				
Inventory	13,887	-	14,937	-
Property, plant and equipment	-	(28,735)	-	(7,120)
Identifiable intangible assets	-	(85,885)	-	(61,373)
Unrealized losses included in other comprehensive income	5,750	31,316	23,857	2,663
Miscellaneous Accruals	5,937	1,861	7,693	-
Other	2,417	2,013	22,087	15,532
Taxes on unremitted earnings of foreign subsidiaries	-	(7,202)	-	(7,374)
Foreign tax credit carryforward	-	21,534	-	15,700
Tax loss carryforwards	38,399	61,026	-	37,374
Valuation allowance for tax loss carryforwards	(1,166)	(48,213)	-	(35,984)
	<u>\$ 80,365</u>	<u>\$ (36,923)</u>	<u>\$ 82,371</u>	<u>\$ (30,241)</u>

Current and noncurrent deferred tax assets and liabilities are included in the following balance sheet captions:

	December 31,	
	2006	2005
	(in thousands)	
Prepaid expenses and other current assets	\$ 81,535	\$ 82,371
Income taxes payable	(1,170)	-
Other noncurrent assets	16,268	12,671
Deferred income taxes	(53,191)	(42,912)

The Company operates within multiple taxing jurisdictions and in the normal course of business is examined in various jurisdictions. Tax accruals related to the estimated outcome of these examinations are recorded in accordance with Statement of Financial Standards No. 5 ("SFAS 5") "Accounting for Contingencies." The reversal of the accruals is recorded when examinations are completed, statutes of limitation are closed or tax laws are changed.

In June 2006, the FASB issued FIN 48, which clarifies the accounting for uncertainty in income taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation requires that the Company recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The provisions of FIN 48 are effective beginning January 1, 2007 with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company expects to record an adjustment to reduce opening retained earnings by up to \$8.0 million.

The Company has \$15.3 million of foreign tax credit carryforwards which will expire in 2015 and \$6.2 million that will expire in 2016.

Certain foreign and domestic subsidiaries of the Company have tax loss carryforwards of \$658.7 million at December 31, 2006, of which \$548.3 million expire through 2026 and \$110.4 million may be carried forward indefinitely. The tax benefit of certain tax loss carryforwards has been offset by a valuation allowance as of December 31, 2006, because it is uncertain whether the benefits will be realized in the future. The valuation allowance at December 31, 2006 and 2005 was \$49.4 million and \$36.0 million, respectively.

The Company has provided federal income taxes on certain undistributed earnings of its foreign subsidiaries that the Company anticipates will be repatriated. Deferred federal income taxes have not been provided on \$167.7 million of cumulative earnings of foreign subsidiaries that the Company has determined to be permanently reinvested. It is not practicable to estimate the amount of tax that might be payable on these permanently reinvested earnings.

There was no pretax income from discontinued operations and no income tax expense related to discontinued operations for the years ended December 31, 2006 and December 31, 2005. The pretax income from discontinued operations for the year ended December 31, 2004 was \$72.8 million. The income tax expense related to discontinued operations for the year ended December 31, 2004 was \$29.9 million.

NOTE 14 - BENEFIT PLANS

Substantially all of the employees of the Company and its subsidiaries are covered by government or Company-sponsored benefit plans. Total costs for Company-sponsored defined benefit, defined contribution and employee stock ownership plans amounted to \$19.2 million in 2006, \$17.7 million in 2005 and \$11.7 million in 2004.

In September 2006, the FASB issued SFAS No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." SFAS 158, which is an amendment of SFAS No. 87, 88, 106, and 132(R), requires the Company to report the funded status of its defined benefit pension and other postretirement benefit plans on its balance sheets as a net liability or asset as of December 31, 2006. The statement also requires that the Company recognize changes in the funded status in the year in which the changes occur through accumulated other comprehensive income. Additionally, SFAS 158 eliminates the ability to select a measurement date for plan assets and obligations that is prior to the Company's year-end balance sheet date. SFAS 158 does not change how pensions and other postretirement benefits are accounted for and reported in the income statement. SFAS 158 is effective for financial statements issued for fiscal years ending after December 15, 2006, with the requirement to align the measurement date and the year-end balance sheet being effective for years ending after December 15, 2008. Early adoption of the alignment of the measurement date and the year-end balance sheet is encouraged. The Company adopted SFAS 158 for the December 31, 2006 year end using the prospective method as required by the statement.

Using the prospective recognition of the funded status of the Company's defined benefit pension plans and other postretirement benefit plans to record previously unrecognized transition obligation, unrecognized prior service cost, and unrecognized net actuarial gains and losses on a tax effected basis have the following impact on the Company's balance sheet: a decrease in long-term assets of \$4.7 million, an increase in short-term liabilities of \$4.0 million, an increase in long-term liabilities of \$6.2 million and a net decrease to accumulated other comprehensive income of \$14.9 million.

The Company will also early adopt the provision of SFAS 158 that requires the alignment of the measurement date and the year-end balance sheet date. The Company will adopt this provision for the 2007 fiscal year with the only impact being to the Swiss pension plan which has been measured as of September 30 in prior years. As allowed under SFAS 158, the Company will compute the net benefit expense for the period from the early measurement date of September 30, 2006 through December 31, 2007 which is the end of the fiscal year of adoption. The Company will then recognize three months of the net benefit expense as an adjustment to retained earnings in 2007. The net of tax adjustment to retained earnings will be \$0.4 million.

Defined Contribution Plans

In December, 2006 the Board of Directors amended the DENTSPLY Employee Stock Ownership Plan ("ESOP") and 401(k) plans to redesign the future distribution of allocations of "Covered Compensation", with a targeted 3% going into the ESOP in Company stock and a targeted 3% going into the 401(k) as a Non-Elective Contribution ("NEC") in cash. The principal driver of this redesign is to provide quicker diversification opportunity to the participants as the investment of the NEC is participant directed. The Company sponsors an employee 401(k) savings plan for its United States workforce to which enrolled participants may contribute up to IRS defined limits. The annual expense and cash contribution to the 401(k) is expected to be \$4.6 million for 2006.

The ESOP is a non-contributory defined contribution plan that covers substantially all of the United States based non-union employees of the Company. Contributions to the ESOP, net of forfeitures, are expected to be \$0.4 million for 2006 (to be contributed in the first quarter of 2007), and were \$4.3 million for 2005 and \$0.4 million for 2004. Beginning in 2005, annual

contributions to the ESOP are made in the first quarter of the subsequent year based upon "Covered Compensation" at a rate determined annually by the Board of Directors. Prior to 2005, the Company made annual contributions to the ESOP of not less than the amounts required to service ESOP debt, which was extinguished in 2004. In connection with the refinancing of ESOP debt in March 1994, the Company agreed to make additional cash contributions totaling at least \$0.6 million through 2003. Dividends received by the ESOP on allocated shares are either reinvested in participants' accounts or passed through to Plan participants, at the participant's election. Most ESOP shares were initially pledged as collateral for its debt. As the debt was repaid, shares were released from collateral and allocated to active employees based on the proportion of debt service paid in the year. At December 31, 2005, the ESOP held 5.0 million shares, all of which were allocated to plan participants as the ESOP debt was fully repaid in 2004. Shares acquired prior to December 31, 1992 are accounted for in accordance with Statement of Position ("SOP") 76-3, "Accounting Practices for Certain Employee Stock Ownership Plans". Accordingly, all shares held by the ESOP are considered outstanding and are included in the earnings per common share computations.

The ESOP loan was extinguished on March 31, 2004. All future allocations will come from a combination of forfeited shares and shares acquired in the open market. The Company has targeted future ESOP allocations at 6% of "Covered Compensation". The share allocation will be accounted at fair value at the point of allocation, each year-end, in accordance with SOP 93-6, "Employers' Accounting for Employee Stock Ownership Plans."

Defined Benefit Plans

The Company maintains a number of separate contributory and non-contributory qualified defined benefit pension plans and other postretirement medical plans for certain union and salaried employee groups in the United States. Pension benefits for salaried plans are based on salary and years of service; hourly plans are based on negotiated benefits and years of service. Annual contributions to the pension plans are sufficient to satisfy legal funding requirements. Pension plan assets are held in trust and consist mainly of common stock and fixed income investments. The U.S. plans are funded in excess of the funding required by the U.S. Department of Labor.

The Company maintains defined benefit pension plans for its employees in Germany, Japan, The Netherlands, and Switzerland. These plans provide benefits based upon age, years of service and remuneration. Substantially all of the German plans are unfunded book reserve plans. Other foreign plans are not significant individually or in the aggregate. Most employees and retirees outside the United States are covered by government health plans.

Postretirement Healthcare

The plans for postretirement healthcare have no plan assets. The postretirement healthcare plans cover certain union and salaried employee groups in the United States and is contributory, with retiree contributions adjusted annually to limit the Company's contribution for participants who retired after June 1, 1985. The Company also sponsors unfunded non-contributory postretirement medical plans for a limited number of union employees and their spouses and retirees of a discontinued operation.

Reconciliations of changes in the defined benefit and postretirement healthcare plans' benefit obligations, fair value of assets, and statement of funded status are as follows:

	Pension Benefits		Other Postretirement Benefits	
	December 31,		December 31,	
	2006	2005	2006	2005
	(in thousands)			
Change in Benefit Obligation				
Benefit obligation at beginning of year	\$ 151,847	\$ 151,431	\$ 10,317	\$ 11,611
Service cost	6,597	5,425	74	79
Interest cost	5,881	5,905	596	678
Participant contributions	1,907	1,765	798	700
Actuarial (gains) losses	(1,721)	12,289	68	(1,086)
Amendments	403	(138)	-	-
Divestitures	373	2,066	-	-
Effects of exchange rate changes	13,996	(19,633)	-	-
Benefits paid	(7,163)	(7,263)	(2,476)	(1,665)
Benefit obligation at end of year	<u>\$ 172,120</u>	<u>\$ 151,847</u>	<u>\$ 9,377</u>	<u>\$ 10,317</u>
Change in Plan Assets				
Fair value of plan assets at beginning of year	\$ 68,357	\$ 70,993	\$ -	\$ -
Actual return on assets	2,348	4,642	-	-
Effects of exchange rate changes	2,953	(8,732)	-	-
Employer contributions	7,186	6,952	1,678	965
Participant contributions	1,907	1,765	798	700
Benefits paid	(7,163)	(7,263)	(2,476)	(1,665)
Fair value of plan assets at end of year	<u>\$ 75,588</u>	<u>\$ 68,357</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status at end of year	<u>\$ (96,532)</u>	<u>\$ (83,490)</u>	<u>\$ (9,377)</u>	<u>\$ (10,317)</u>

The amounts recognized in the accompanying consolidated balance sheet, net of tax effects, are as follows:

	Pension Benefits		Other Postretirement Benefits	
	December 31,		December 31,	
	2006	2005	2006	2005
	(in thousands)			
Other noncurrent assets	\$ 1,340	\$ 1,634	\$ -	\$ -
Deferred tax asset	11,071	5,293	708	-
Total assets	<u>\$ 12,411</u>	<u>\$ 6,927</u>	<u>\$ 708</u>	<u>\$ -</u>
Current liabilities	(2,833)	-	(1,153)	-
Long-term liabilities	(95,039)	(77,131)	(8,224)	(9,012)
Deferred tax liability	(146)	-	-	-
Total liabilities	<u>\$ (98,018)</u>	<u>\$ (77,131)</u>	<u>\$ (9,377)</u>	<u>\$ (9,012)</u>
Accumulated other comprehensive loss	22,069	16,187	1,126	-
Net amount recognized	<u>\$ (63,538)</u>	<u>\$ (54,017)</u>	<u>\$ (7,543)</u>	<u>\$ (9,012)</u>

Amounts recognized in accumulated other comprehensive income ("AOCI") consist of:

	Pension Benefits		Other Postretirement Benefits	
	December 31,		December 31,	
	2006	2005	2006	2005
	(in thousands)			
Net actuarial loss	\$ 31,354	\$ 21,610	\$ 2,220	\$ -
Net prior service cost (credit)	842	(130)	(386)	-
Net transition obligation	798	-	-	-
Pretax AOCI	<u>\$ 32,994</u>	<u>\$ 21,480</u>	<u>\$ 1,834</u>	<u>\$ -</u>
Less deferred taxes	10,925	5,293	708	-
Post tax AOCI	<u>\$ 22,069</u>	<u>\$ 16,187</u>	<u>\$ 1,126</u>	<u>\$ -</u>

The accumulated benefit obligation for all defined benefit pension plans was \$160,234 and \$141,538 at December 31, 2006, and 2005, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	December 31,	
	2006	2005
	(in thousands)	
Projected benefit obligation	\$ 117,034	\$ 151,847
Accumulated benefit obligation	105,148	141,538
Fair value of plan assets	19,162	68,357

Components of net periodic benefit cost and other amounts recognized in other comprehensive income:

Net periodic benefit cost	Pension Benefits			Other Postretirement Benefits		
	2006	2005	2004	2006	2005	2004

		(in thousands)			(in thousands)		
Service cost	\$ 6,597	\$ 5,425	\$ 4,823	\$ 74	\$ 79	\$ 130	
Interest cost	5,887	5,905	5,936	596	678	685	
Participant contributions	(3,771)	(3,491)	(3,474)	-	-	-	
Actuarial (gains) losses	209	248	278	-	-	-	
Amortization of prior service	117	171	167	(685)	(685)	(685)	
Amortization of net loss	1,135	527	104	224	274	255	
Net periodic benefit cost	<u>\$ 10,174</u>	<u>\$ 8,785</u>	<u>\$ 7,834</u>	<u>\$ 209</u>	<u>\$ 346</u>	<u>\$ 385</u>	

Other changes in plan assets and benefit obligations recognized in other comprehensive income:

	Pension Benefits			Other Postretirement Benefits		
	2006	2005	2004	2006	2005	2004
		(in thousands)			(in thousands)	
Net actuarial loss	\$ 10,879	\$ 17,196	\$ 5,045	\$ 2,444	\$ -	\$ -
Net prior service cost (credit)	1,089	-	-	(1,071)	-	-
Net transition obligation	1,007	-	-	-	-	-
Amortization	(1,461)	(527)	(104)	461	-	-
Total recognized in AOCI	\$ 11,514	\$ 16,669	\$ 4,941	\$ 1,834	\$ -	\$ -
Total recognized in net periodic benefit cost and AOCI	\$ 21,688	\$ 25,454	\$ 12,775	\$ 2,043	\$ 346	\$ 385

The estimated net loss, prior service cost, and transition obligation for the defined benefit plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$1,198 and \$146 and \$266, respectively. The estimated net loss and prior service credit for the other postretirement plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$124 and (\$386).

The following tables details the incremental effect of applying SFAS 158 on the pension benefits and the other postretirement benefits.

	Pension Benefits at December 31, 2006				
	Prior to AML and SFAS 158	AML Adjustment	Post AML Pre SFAS 158 (in thousands)	Adjustments to Initially Apply SFAS 158	After Application of SFAS 158
Other noncurrent assets	\$ 1,708	\$ 10,786	\$ 12,494	\$ (11,154)	\$ 1,340
Deferred tax asset	6,614	(1,305)	5,309	5,762	11,071
Total assets	\$ 8,322	\$ 9,481	\$ 17,803	\$ (5,392)	\$ 12,411
Current liability	\$ -	\$ -	\$ -	\$ (2,833)	\$ (2,833)
Long-term liability	(88,558)	(1,119)	(89,677)	(5,362)	(95,039)
Deferred tax liability	-	-	-	(146)	(146)
Total liabilities	\$ (88,558)	\$ (1,119)	\$ (89,677)	\$ (8,341)	\$ (98,018)
AOCI	\$ 16,698	\$ (8,362)	\$ 8,336	\$ 13,733	\$ 22,069
Stockholders equity	\$ 16,698	\$ (8,362)	\$ 8,336	\$ 13,733	\$ 22,069

	Other Postretirement Benefits at December 31, 2006				
	Prior to AML and SFAS 158	AML Adjustment	Post AML Pre SFAS 158 (in thousands)	Adjustments to Initially Apply SFAS 158	After Application of SFAS 158
Other noncurrent assets	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred tax asset	-	-	-	708	708
Total assets	\$ -	\$ -	\$ -	\$ 708	\$ 708
Current liability	\$ -	\$ -	\$ -	\$ (1,153)	\$ (1,153)
Long-term liability	(7,543)	-	(7,543)	(681)	(8,224)
Deferred tax liability	-	-	-	-	-
Total liabilities	\$ (7,543)	\$ -	\$ (7,543)	\$ (1,834)	\$ (9,377)
AOCI	\$ -	\$ -	\$ -	\$ 1,126	\$ 1,126
Stockholders equity	\$ -	\$ -	\$ -	\$ 1,126	\$ 1,126

The weighted average assumptions used to determine benefit obligations for the Company's plans, principally in foreign locations, are as follows:

	Pension Benefits			Other Postretirement Benefits		
	2006	2005	2004	2006	2005	2004
Discount rate	4.1%	3.7%	4.3%	5.8%	5.5%	6.0%
Rate of compensation increase	2.6%	2.5%	2.5%	n/a	n/a	n/a
Health care cost trend	n/a	n/a	n/a	9.0%	9.5%	9.5%
Ultimate health care cost trend	n/a	n/a	n/a	5.0%	5.0%	5.0%
Years until ultimate trend is reached	n/a	n/a	n/a	8.0	9.0	10.0

The weighted average assumptions used to determine net periodic benefit cost for the Company's plans, principally in foreign locations, are as follows:

	Pension Benefits			Other Postretirement Benefits		
	2006	2005	2004	2006	2005	2004
Discount rate	3.7%	4.3%	5.0%	5.5%	6.0%	6.0%
Expected return on plan assets	5.3%	5.4%	5.6%	n/a	n/a	n/a
Rate of compensation increase	2.5%	2.2%	2.3%	n/a	n/a	n/a
Health care cost trend	n/a	n/a	n/a	9.5%	9.5%	9.5%
Ultimate health care cost trend	n/a	n/a	n/a	5.0%	5.0%	5.0%
Years until ultimate trend is reached	n/a	n/a	n/a	8.0	9.0	10.0

Measurement Date	12/31/2006	12/31/2005	12/31/2004	12/31/2006	12/31/2005	12/31/2004
------------------	------------	------------	------------	------------	------------	------------

Assumed health care cost trend rates have an impact on the amounts reported for postretirement benefits. A one percentage point change in assumed healthcare cost trend rates would have the following effects for the year ended December 31, 2006:

	Other Postretirement Benefits	
	1% Increase	1% Decrease
	(in thousands)	
Effect on total of service and interest cost components	\$ 52	\$ (45)
Effect on postretirement benefit obligation	739	(658)

Plan Assets:

The weighted average asset allocations of the plans at December 31, 2006 and 2005 by asset category are as follows:

	Target Allocation	December 31,	
		2006	2005
Equity	30%-65%	33%	32%
Debt	30%-65%	47%	59%
Real estate	0%-15%	3%	3%
Other	0%-25%	17%	6%
Total		<u>100%</u>	<u>100%</u>

Equity securities do not include Company stock of Dentsply International Inc. The expected return on plan assets is the weighted average long-term expected return based upon asset allocations and historic average returns for the markets where the assets are invested, principally in foreign locations.

Cash Flows:

The Company expects to contribute \$0.1 million to its U.S. defined benefit pension plans, \$1.2 million to its postretirement medical plans, and \$4.6 million to its other postretirement benefit plans in 2007.

Estimated Future Benefit Payments:

	Pension Benefits	Other Postretirement Benefits	
	(in thousands)		
2007	\$ 6,520	\$ 1,153	
2008	6,093	1,141	
2009	6,193	1,077	
2010	7,267	1,086	
2011	7,605	1,110	
2012-2015	41,737	4,386	

NOTE 15 – RESTRUCTURING, IMPAIRMENT AND OTHER COSTS

	Year Ended December 31,		
	2006	2005	2004
(in thousands)			
Restructuring costs	\$ 12,032	\$ 3,095	\$ 7,144
Reversal of restructuring charges due to changes in estimates	(797)	(1,168)	(20)
Impairment of Pharmaceutical assets	-	230,828	-
Other income	(3,428)	-	-
Total restructuring, impairment and other costs	<u>\$ 7,807</u>	<u>\$ 232,755</u>	<u>\$ 7,124</u>

Restructuring Costs

2006 Plans

The Company recorded restructuring costs of \$2.3 million related to restructuring plans initiated during 2006, primarily during the fourth quarter. These costs related primarily to the closure and consolidation of certain production and selling facilities in the U.S. and Europe in order to better leverage the Company's resources. The objective of these initiatives is to reduce costs and obtain operational efficiencies. The plans include the elimination of approximately 90 positions, with none of these positions having been eliminated as of December 31, 2006. These plans are expected to be completed by the end of 2007 with anticipated costs to complete of approximately \$2.0 million, which will be expensed in 2007. The major components of these charges and the remaining outstanding balances at December 31, 2006 are as follows:

	2006	Amounts Applied	Change in Estimate	Balance December 31,
	<u>Provisions</u>	<u>2006</u>	<u>2006</u>	<u>2006</u>
(in thousands)				
Severance	\$ 2,205	\$ -	\$ -	\$ 2,205
	73	-	-	73

Other restructuring costs

\$ 2,278	\$ -	\$ -	\$ 2,278
----------	------	------	----------

2005 Plans

During the fourth quarter of 2005, the Company recorded restructuring costs of \$2.4 million, primarily related to the shutdown of the pharmaceutical manufacturing facility outside of Chicago. In addition, these costs related to the consolidation of certain U.S. production facilities in order to better leverage the Company's resources. The primary objective of these initiatives is to reduce costs and obtain operational efficiencies. The charges recorded in 2005 were severance costs. In addition, during the year ended December 31, 2006, the Company recorded charges of \$9.6 million for additional severance costs, contract termination costs and other restructuring costs, primarily incurred during the shutdown phase of the pharmaceutical manufacturing facility closure for utilities, maintenance and consulting expenses. Also during 2006, the Company recorded a reduction of restructuring charges of \$0.5 million related to the reversal of certain employee severance costs accrued during the fourth quarter of 2005 that were no longer necessary as a result of employees voluntarily terminating their employment prior to being severed. The plans include the elimination of approximately 165 administrative and manufacturing positions, all within the U.S., with approximately 120 of these positions having been eliminated as of December 31, 2006 and with the remaining positions expected to be eliminated in the first quarter of 2007. The Company does not expect any significant future expenditures related to these plans. The major components of the restructuring charges incurred through December 31, 2006, and the remaining outstanding balances at December 31, 2006 are as follows:

	2005 Provisions	Amounts Applied 2005	2006 Provisions	Amounts Applied 2006	Change in Estimate 2006	Balance December 31, 2006
	(in thousands)					
Severance	\$ 2,400	\$ -	\$ 3,570	\$ (4,420)	\$ (523)	\$ 1,027
Lease/contract terminations	-	-	184	(184)	-	-
Other restructuring costs	-	-	5,882	(5,882)	-	-
	<u>\$ 2,400</u>	<u>\$ -</u>	<u>\$ 9,636</u>	<u>\$ (10,486)</u>	<u>\$ (523)</u>	<u>\$ 1,027</u>

2004 Plans

During 2004, the Company recorded restructuring and other costs of \$5.8 million. These costs were primarily related to the creation of a European Shared Services Center in Yverdon, Switzerland, which resulted in the identification of redundant personnel in the Company's European accounting functions. In addition, these costs related to the consolidation of certain sales/customer service and distribution facilities in Europe and Japan. The primary objective of these restructuring initiatives is to improve operational efficiencies and to reduce costs within the related businesses. Included in this charge were severance costs of \$4.9 million and lease/contract termination costs of \$0.9 million. In addition, the Company recorded charges of \$0.1 million and \$0.5 million during the years ended December 31, 2006 and 2005, respectively, related to the 2004 restructuring plans. Also during the years ended December 31, 2006 and 2005, the Company recorded reductions of restructuring charges of \$0.3 million and \$1.2 million related to the reversal of certain employee severance costs accrued during 2004 that were no longer necessary. The plans include the elimination of approximately 105 administrative and manufacturing positions primarily in Germany. Certain of these positions need to be replaced at the European Shared Services Center and therefore the net reduction in positions is expected to be approximately 55. As of December 31, 2006, approximately 40 of these positions have been eliminated. These plans are expected to be fully completed by the end of 2007; however, the Company does not expect any significant future expenditures related to these plans. The major components of these charges and the remaining outstanding balances at December 31, 2006 are as follows:

	2004 Provisions	Amounts Applied 2004	2005 Provisions	Change in Estimate 2005	Amounts Applied 2005 (in thousands)	2006 Provisions	Amounts Applied 2006	Change in Estimate 2006	Balance December 31, 2006
Severance	\$ 4,877	\$ (583)	\$ 322	\$ (1,168)	\$ (1,740)	\$ 118	\$ (632)	\$ (274)	\$ 920
Lease/contract terminations	881	-	190	-	(435)	-	(204)	-	432
	<u>\$ 5,758</u>	<u>\$ (583)</u>	<u>\$ 512</u>	<u>\$ (1,168)</u>	<u>\$ (2,175)</u>	<u>\$ 118</u>	<u>\$ (836)</u>	<u>\$ (274)</u>	<u>\$ 1,352</u>

Impairment of Pharmaceutical assets

During the third and fourth quarters of 2005, the Company recorded \$233.1 million of impairment and restructuring charges against the injectable anesthetic assets and the pharmaceutical manufacturing facility outside of Chicago. This charge was a result of the in-depth analysis performed upon the receipt of the results of the Food and Drug Administration's (FDA's) Pre-Approval Inspection of the pharmaceutical manufacturing facility during the third quarter of 2005, and the Company's decision in the fourth quarter of 2005 to pursue the outsourcing of the manufacturing of the dental anesthetic products and cease construction of the pharmaceutical manufacturing facility. These impairments did not impact the Company's needle-free Oraqix® product.

During the third quarter of 2005, the Company received the results of the FDA's Pre-Approval Inspection of its pharmaceutical manufacturing facility located outside of Chicago. This facility was built to manufacture the Company's injectable anesthetic product, which was part of the assets acquired from AstraZeneca in 2001. The Company conducted an extensive review of the items identified by the FDA and developed action plans to address these items. Included in this review were the expected time-line and costs for responding to the FDA findings, the expected time required for FDA re-application and approval, the expected ramp-up costs to achieve anticipated volumes for the U.S., European and Japanese markets, and the extension of contract manufacturing agreements to provide a supply of injectable anesthetic product until the plant could achieve full production under the revised timeline. As a result of this review, the Company concluded that the start-up of its pharmaceutical manufacturing facility would be delayed, and did not expect to begin producing injectable anesthetics at the facility for the U.S. and Japanese markets until 2007.

The Company also concluded that the receipt of the FDA's Pre-Approval Inspection Report and the results of the extensive review constituted a triggering event for performance of an event-driven impairment assessment conducted in accordance with SFAS 142 for the indefinite-lived injectable anesthetic intangible asset and in accordance with SFAS 144 for the long-lived assets related to the Pharmaceutical manufacturing facility outside of Chicago, and the Oraqix® definite-lived intangible asset. In performing the SFAS 142 and SFAS 144 impairment tests, the Company formulated its best estimate of cash flows from the

respective assets taking into consideration (1) the Company's projected sales and manufacturing cost projections for the injectable anesthetic products (2) current and projected market share for the injectable anesthetic products and (3) the costs to complete the production facility. Additionally, due to the delay in obtaining FDA approval and the market impact, the Company increased the risk-adjusted discount rate used in the SFAS 142 impairment test to reflect the increased risk of the business caused by this delay. As a result of the changes made to the event-driven impairment analysis model in the third quarter of 2005 to address the results of the FDA's Pre-Approval Inspection and the Company's extensive review and action

plans, the discounted cash flows associated with the indefinite lived injectable anesthetic intangible asset were less than the carrying value of approximately \$158 million. Thus, the Company wrote-down the value of the indefinite-lived intangible asset by \$131.3 million (\$111.6 million after tax) during the third quarter of 2005. The third quarter analysis did not reflect or cause an impairment of the Pharmaceutical manufacturing facility or the definite-lived intangible asset associated with Oraqix®, which were tested as an asset group under SFAS 144 on an undiscounted basis, due to the Company's plans at the time to produce the injectable and Oraqix® products in the Chicago based manufacturing facility.

From the end of the third quarter of 2005 through December 2005, the Company continued to evaluate the actions necessary to address the items raised in the FDA's pre-approval inspection. As of the end of the third quarter of 2005, the Company had anticipated that it would continue to manufacture products at the plant for the U.K., Australia, and New Zealand markets, for which regulatory approval had already been obtained. However, upon further evaluation, the Company decided in December to suspend manufacturing at the plant to allow improvements identified in the Company's corrective action plan to be made.

In conjunction with the evaluation of the actions necessary to address the items raised in the FDA's pre-approval inspection, the Company also began to evaluate strategic alternatives to obtaining FDA approval, including but not limited to a potential shut-down of the dental anesthetics manufacturing facility and obtaining long-term third party supply sources for both the injectable anesthetic products and the Oraqix® product. In order to fully evaluate the potential options at the Company's disposal with regard to a potential closure and the disposition of the facility, the Company began a comprehensive internal analysis of the pharmaceutical assets that included initiating discussions with potential buyers, and evaluating the possibility of obtaining extensions for the supply of products.

Based on the outcome of the analyses performed by the Company, as well as both strategic and financial considerations, in December 2005 the Company began to establish a plan for a course of action to shut down the manufacturing facility, sell the manufacturing facility assets and begin negotiations to obtain a long-term source of supply for the anesthetic products.

The Company concluded that this action constituted another triggering event for performance of an event-driven impairment assessment conducted in accordance with SFAS 142 for the remaining indefinite-lived injectable anesthetic intangible assets and in accordance with SFAS 144 for the long-lived assets related to the pharmaceutical manufacturing facility and the Oraqix® definite-lived intangible asset. As part of the event-driven impairment assessment, the Company reviewed the asset grouping, which had historically included the indefinite-lived injectable intangible asset, the Oraqix® definite-lived intangible asset and the long-lived assets associated with the pharmaceutical manufacturing facility. The Company reviewed this asset grouping to determine if the grouping was still appropriate in light of the Company's changed expectations in regards to the pharmaceutical manufacturing facility that was the common link between the assets in the group. As a result of the Company's review, the Company concluded that due to the change in expectations with regards to the pharmaceutical manufacturing facility, the Company could no longer consider the assets as an asset group as defined by SFAS 144, as the pharmaceutical manufacturing facility was no longer feasible. As a result, the Company began to evaluate each asset on a stand alone basis in accordance with SFAS 142 and SFAS 144.

In performing the SFAS 142 and SFAS 144 impairment tests, the Company formulated its best estimate of cash flows from the respective assets taking into consideration (1) the Company's projected sales for the injectable anesthetic products and the Oraqix® products, (2) projected costs to purchase the future supply of the injectable anesthetic products and Oraqix® products from external suppliers (3) current and projected market share for the injectable anesthetic products and Oraqix® products (4) the costs to shut-down the production facility and (5) projected cash flow associated with the sale of the assets. Additionally, as a result of risk factors associated with the procurement of long-term supply contracts for the injectable anesthetic products, the Company increased the risk-adjusted discount rate used in the SFAS 142 impairment test to reflect the increased risk to the business. The Company also obtained an independent third party appraisal of the indefinite-lived injectable anesthetic intangible and the long-lived assets associated with the pharmaceutical manufacturing facility due to the sensitivity of the assumptions and the risks associated with these assets. As a result of the Company's review and its changed expectations, as well as the Company's review of the third party appraisal of the assets, it was determined that an additional impairment of the indefinite-lived injectable anesthetic intangible asset acquired from AstraZeneca in 2001, as well as an impairment of the long-lived assets related to the manufacturing facility, had occurred during the fourth quarter of 2005. The impairment recorded by the Company in the fourth quarter of 2005 was \$99.5 million (\$66.5 million after tax). This impairment did not impact the Company's needle-free Oraqix® product.

The aggregate carrying value of the indefinite-lived intangible asset, the definite-lived Oraqix® intangible asset and the long-lived assets related to the pharmaceutical manufacturing facility, prior to the impairment charges, was approximately

\$253.8 million. After the impairment charge, of \$157.5 million to the indefinite-lived injectable anesthetic intangible, the impairment of \$73.3 million to the definite-lived assets associated with the manufacturing facility, negative impact of exchange of \$0.8 million, capital expenditures of \$8.6 million and depreciation of \$1.6 million, the aggregate carrying value of the assets was \$29.2 million. As previously noted, the impairment charges did not affect the Oraqix® definite-lived intangible assets, which are part of the Company's Pharmaceutical division within the U.S. Consumable/ Canada Business segment.

Other Income

During the third quarter of 2006, the Company sold the land, buildings, machinery and equipment previously associated with the Chicago based pharmaceutical manufacturing facility in exchange for cash of \$3.0 million and a long-term note receivable with a fair value of \$9.8 million. The Company had announced in early 2006 that it would be closing the pharmaceutical manufacturing facility (see also 2005 Plans under Restructuring Costs). This sale resulted in the recognition of a gain of \$2.9 million. The assets sold in this transaction had been classified as available for sale beginning in the first quarter of 2006, and as such had been included in Prepaid and other current assets at their fair value less cost to sell of \$9.9 million.

Additionally, during the fourth quarter of 2006, the Company sold land and buildings related to a Germany manufacturing facility in exchange for 4.3 million euros (approximately \$5.5 million). This facility was closed down in 1998 as part of a restructuring plan. The sale resulted in a gain of 0.8 million euros (approximately \$1.0 million). The assets sold in this transaction were classified as fixed assets due to uncertainty related to when these assets would be sold.

During 2006, the Company also recorded a charge of \$0.5 million associated with a pension settlement related to the Gendex business that was sold in 2004.

NOTE 16 – FINANCIAL INSTRUMENTS AND DERIVATIVES

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. The Company believes the carrying amounts of cash and cash equivalents, short-term investments, accounts receivable (net of allowance for doubtful accounts), prepaid expenses and other current assets, accounts payable, accrued liabilities, income taxes payable and notes payable approximate fair value due to the short-term nature of these instruments. The Company estimates the fair value of its total long-term debt was \$367.5 million versus its carrying value of \$367.4 million as of December 31, 2006. The fair value of the Company's long-term debt approximated its carrying value due to the nearness to maturity of the Company's fixed rate debt and as much of the Company's debt is variable rate and reflects current market rates. The interest rates on revolving debt and commercial paper are variable and therefore the fair value of these instruments approximates their carrying values. The Company has fixed rate Swiss franc denominated notes with estimated fair values that differ from their carrying values. At December 31, 2006, the fair value of these instruments was \$45.7 million versus their carrying values of \$45.6 million. The fair values differ from the carrying values due to lower market interest rates at December 31, 2006 versus the rates at issuance of the notes.

Derivative Instruments and Hedging Activities

The Company's activities expose it to a variety of market risks which primarily include the risks related to the effects of changes in foreign currency exchange rates, interest rates and commodity prices. These financial exposures are monitored and managed by the Company as part of its overall risk management program. The objective of this risk management program is to reduce the volatility that these market risks may have on the Company's operating results and equity.

Certain of the Company's inventory purchases are denominated in foreign currencies, which expose the Company to market risk associated with exchange rate movements. The Company's policy generally is to hedge major foreign currency transaction exposures through foreign exchange forward contracts. These contracts are entered into with major financial institutions thereby minimizing the risk of credit loss. In addition, the Company's investments in foreign subsidiaries are denominated in foreign currencies, which create exposures to changes in exchange rates. The Company uses debt and derivatives denominated in the applicable foreign currency as a means of hedging a portion of this risk.

With the Company's significant level of variable rate long-term debt, changes in the interest rate environment can have a major impact on the Company's earnings, depending upon its interest rate exposure. As a result, the Company manages its interest rate exposure with the use of interest rate swaps, when appropriate, based upon market conditions.

The manufacturing of some of the Company's products requires the use of commodities which are subject to market fluctuations. In order to limit the unanticipated impact on earnings from such market fluctuations, the Company selectively enters into commodity swaps for certain materials used in the production of its products. Additionally, the Company uses non-derivative methods, such as the precious metal consignment agreement to effectively hedge commodity risks.

Cash Flow Hedges

The Company uses interest rate swaps to convert a portion of its variable rate debt to fixed rate debt. As of December 31, 2006, the Company has two groups of significant variable rate to fixed rate interest rate swaps. One of the groups of swaps was entered into in February 2002, has notional amounts totaling 12.6 billion Japanese yen, and effectively converts the underlying variable interest rates to an average fixed rate of 1.6% for a term of ten years, ending in March 2012. The other swap, effective March, 2005, has a notional amount of 65 million Swiss francs, and effectively converts the underlying variable interest rates to a fixed rate of 4.2% for a term of seven years, ending in March 2012.

The Company selectively enters into commodity swaps to effectively fix certain variable raw material costs. At December 31, 2006, the Company had swaps in place to purchase 1,920 troy ounces of platinum bullion for use in the production of its impression material products. The average fixed rate of this agreement is \$1,162.17 per troy ounce. In addition, the Company had swaps in place to purchase 105,000 troy ounces of silver bullion for use in the production of its amalgam products at an average fixed rate of \$11.25 per troy ounce. The Company generally hedges up to 80% of its projected annual needs related to these products.

The Company enters into forward exchange contracts to hedge the foreign currency exposure of its anticipated purchases of certain inventory from Japan. In addition, exchange contracts are used by certain of the Company's subsidiaries to hedge intercompany inventory purchases which are denominated in non-local currencies. The forward contracts that are used in these programs typically mature in twelve months or less. The Company generally hedges up to 80% of its anticipated purchases from the supplying locations.

As of December 31, 2006, \$1.7 million of deferred net losses on derivative instruments recorded in accumulated other comprehensive income are expected to be reclassified to current earnings during the next twelve months. This reclassification is primarily due to the sale of inventory that includes previously hedged purchases and interest rate swaps. The maximum term over which the Company is hedging exposures to variability of cash flows (for all forecasted transactions, excluding interest payments on variable-rate debt) is eighteen months. Overall, the derivatives designated as cash flow hedges are highly effective. Any cash flows associated with these instruments are included in cash from operations in accordance with the Company's policy of classifying the cash flows from these instruments in the same category as the cash flows from the items being hedged.

Fair Value Hedges

Through December 2006, the Company had used interest rate swaps to convert a portion of its fixed rate debt to variable rate debt. In December 2001, the Company issued 350 million in Eurobonds at a fixed rate of 5.75% maturing in December 2006 to partially finance the Degussa Dental acquisition. Coincident with the issuance of the Eurobonds, the Company entered into two integrated transactions: (a) an interest rate swap agreement with notional amounts totaling Euro 350 million which converted the 5.75% fixed rate Euro-denominated financing to a variable rate (based on the London Interbank Borrowing Rate) Euro-denominated financing; and (b) a cross-currency basis swap which converted this variable rate Euro-denominated financing to variable rate U.S. dollar-denominated financing.

The Euro 350 million interest rate swap agreement was designated as a fair value hedge of the Euro 350 million in fixed rate debt pursuant to SFAS No. 133, ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities." In accordance with SFAS 133, the interest rate swap and underlying Eurobond had been marked-to-market via the income statement. As of December 31, 2005, the accumulated fair value of the interest rate swap was \$5.3 million and was recorded in Prepaid Expenses and Other Current Assets with the notional amount of the underlying Eurobond being increased by a corresponding amount at December 31, 2005. As the interest rate swap matured and the Eurobond was repaid in December 2006, there was no accumulated fair value related to the interest rate swap recorded on the Company's financial statements at December 31, 2006.

From inception through the first quarter of 2003, the cross-currency element of the integrated transaction was not designated as a hedge and changes in the fair value of the cross-currency element of the integrated transaction were marked-to-market in the income statement, offsetting the impact of the change in exchange rates on the Eurobonds that were also recorded in the income statement. In the first quarter of 2003, the Company amended the cross-currency element of the integrated transaction to realize the \$51.8 million of accumulated value of the cross-currency swap. The amendment eliminated the final payment (at a fixed rate of \$.90) of \$315 million by the Company in exchange for the final payment of Euro 350 million by the counterparty in return for the counterparty paying the Company 4.29% on \$315 million for the remaining term of the agreement, or approximately \$14.0 million on an annual basis. Other cash flows associated with the cross-currency element of the integrated transaction, included the Company's obligation to pay on \$315 million LIBOR plus approximately 1.34%, and the counterparty's obligation to pay on Euro 350 million LIBOR plus approximately 1.47%, remained unchanged by the amendment.

No gain or loss was recognized upon the amendment of the cross currency element of the integrated transaction, as the interest rate of 4.29% was established to ensure that the fair value of the cash flow streams before and after amendment were equivalent. As a result of the amendment, the Company became economically exposed to the impact of exchange rates on the final principal payment on the Euro 350 million Eurobonds and designated the Euro 350 million Eurobonds as a hedge of net investment, on the date of the amendment and thus the impact of translation changes related to the final principal payment were recorded in accumulated other comprehensive income, net of tax effects.

The cross-currency element of the integrated transaction continued to be marked-to-market in the income statement (completely offset by the corresponding change in the Eurobonds) through June 2005. In June 2005, the Company terminated the cross currency element of the integrated transaction in response to the rapid rise in U.S. dollar short-term interest rates, converting the debt back into a Euro variable instrument. Upon termination, the Company realized the remaining \$20.2 million of accumulated value of the swap.

Hedges of Net Investments in Foreign Operations

The Company has numerous investments in foreign subsidiaries. The net assets of these subsidiaries are exposed to volatility in currency exchange rates. Currently, the Company uses non-derivative financial instruments, including foreign currency denominated debt held at the parent company level and derivative financial instruments to hedge some of this exposure. Translation gains and losses related to the net assets of the foreign subsidiaries are offset by gains and losses in the non-derivative and derivative financial instruments designated as hedges of net investments.

In the first quarter of 2005, the Company entered into cross currency interest rate swaps with a notional principal value of Swiss francs 457.5 million paying 3 month Swiss franc Libor and receiving 3 month U.S. dollar Libor on \$384.4 million. In the first quarter of 2006, the Company entered into additional cross currency interest rate swaps with a notional principal value of Swiss francs 55.5 million paying 3 month Swiss franc Libor and receiving 3 month U.S. dollar Libor on \$42.0 million. In the fourth quarter of 2006, the Company entered into additional cross currency interest rate swaps with a notional principal value of Swiss francs 80.4 million paying 3 month Swiss franc Libor and receiving 3 month U.S. dollar Libor on \$64.4 million. Additionally, in the fourth quarter of 2005, the Company entered into cross currency interest rate swaps with a notional principal value of Euro 358 million paying 3 month Euro Libor and receiving 3 month U.S. dollar Libor on \$419.6 million. The Swiss franc and Euro cross currency interest rate swaps are designated as net investment hedges of the Swiss and Euro denominated net assets. The interest rate differential is recognized in the earnings as interest income or interest expense as it is accrued, the foreign currency revaluation is recorded in accumulated other comprehensive income, net of tax effects.

The fair value of these cross currency interest rate swap agreements is the estimated amount the Company would (pay) receive at the reporting date, taking into account the effective interest rates and foreign exchange rates. As of December 31, 2006 and December 31, 2005, the estimated net fair values of the swap agreements were (\$48.1) million and \$32.8 million, respectively, which are recorded in accumulated other comprehensive income, net of tax effects, other noncurrent liabilities and other noncurrent assets.

At December 31, 2006 and 2005, the Company had Euro-denominated, Swiss franc-denominated, and Japanese yen-denominated debt and cross currency interest rate swaps (at the parent company level) to hedge the currency exposure related to a designated portion of the net assets of its European, Swiss, and Japanese subsidiaries. At December 31, 2006 and 2005, the accumulated translation gains on investments in foreign subsidiaries, primarily denominated in Euros, Swiss francs and Japanese yen, net of these net investment hedges, were \$105.8 million and \$77.4 million, respectively, which was included in accumulated other comprehensive income, net of tax effects.

Other

As of December 31, 2006, on a pre-tax basis, the Company had recorded assets representing the fair value of derivative instruments of \$1.1 million in "Prepaid expenses and other current assets" and \$9.4 million in "Other noncurrent assets" and liabilities representing the fair value of derivative instruments of \$4.0 million in "Accrued liabilities" and \$59.9 million in "Other noncurrent liabilities." The aggregate pre-tax net fair value of the Company's derivative instruments at December 31, 2006 and 2005 was (\$53.4) million and \$29.2 million, respectively.

In accordance with SFAS 52, "Foreign Currency Translation," the Company utilizes long-term intercompany loans to eliminate foreign currency transaction exposures of certain foreign subsidiaries. Net gains or losses related to these long-term intercompany loans, those for which settlement is not planned or anticipated in the foreseeable future, are included in accumulated other comprehensive income.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Leases

The Company leases automobiles and machinery and equipment and certain office, warehouse, and manufacturing facilities under non-cancelable operating leases. These leases generally require the Company to pay insurance, taxes and other expenses related to the leased property. Total rental expense for all operating leases was \$23.4 million for 2006, \$23.0 million for 2005 and \$22.0 million for 2004.

Rental commitments, principally for real estate (exclusive of taxes, insurance and maintenance), automobiles and office equipment are as follows (in thousands):

2007	\$ 19,818
2008	13,977
2009	7,927
2010	4,473
2011	3,381
2012 and thereafter	<u>2,523</u>
	<u>\$ 52,099</u>

Litigation

On January 5, 1999, following a four-year investigation, the Department of Justice filed a Complaint against the Company in the U.S. District Court in Wilmington, Delaware alleging that the Company's tooth distribution practices violated the antitrust laws and seeking an order for the Company to discontinue its practices. This case has been concluded and the District Court, upon the direction of the Court of Appeals, issued an injunction preventing DENTSPLY from taking action to restrict its tooth dealers from adding new competitive teeth lines. This decision relates only to the distribution of artificial teeth in the U.S. and, notwithstanding the outcome of this case, the Company is confident that it can continue to develop this business.

Subsequent to the filing of the Department of Justice Complaint in 1999, several private party class actions were filed based on allegations similar to those in the Department of Justice case, on behalf of dental laboratories, and denture patients in seventeen states who purchased Trubyte teeth or products containing Trubyte teeth. These cases were transferred to the U.S. District Court in Wilmington, Delaware. The private party suits seek damages in an unspecified amount. The Court has granted the Company's Motion on the lack of standing of the laboratory and patient class actions to pursue damage claims. The Plaintiffs in the laboratory case appealed this decision to the Third Circuit and the Court largely upheld the decision of the District Court in dismissing the Plaintiffs' damages claims against DENTSPLY, with the exception of allowing the Plaintiffs to pursue a damage claim based on a theory of resale price maintenance between the Company and its tooth dealers. The Plaintiffs' petition to the U.S. Supreme Court asking it to review this decision of the Third Circuit was denied. The Plaintiffs in the laboratory case have recently filed an amended complaint asserting that DENTSPLY and its tooth dealers, and the dealers among themselves, engaged in a conspiracy to violate the antitrust laws. Dentsply and the dealers have filed Motions to dismiss plaintiffs' claims, except for the resale price maintenance claims. Additionally, two competitive tooth manufacturers have recently filed separate actions seeking damages alleged to have been incurred as a result of the Company's tooth distribution practice found to be a violation of the antitrust law.

On March 27, 2002, a Complaint was filed in Alameda County, California (which was transferred to Los Angeles County) by Bruce Glover, D.D.S. alleging, inter alia, breach of express and implied warranties, fraud, unfair trade practices and negligent misrepresentation in the Company's manufacture and sale of Advance® cement. The Complaint seeks damages in an unspecified amount for costs incurred in repairing dental work in which the Advance® product allegedly failed. The Judge entered an Order granting class certification, as an Opt-in class. In general, the Class is defined as California dentists who purchased and used Advance® cement and were required, because of failures of the cement, to repair or reperform dental procedures for which they were not paid. The Notice of the class action was sent on February 23, 2005 to the approximately 29,000 dentists licensed to practice in California during the relevant period and a total of 166 dentists opted into the class action. The plaintiffs appealed the decision of the Trial Court certifying the class as an opt-in and the Appeals Court held that the case should be converted to an opt-out class. The Company has filed an appeal of this decision to the California Supreme Court. The Advance® cement product was sold from 1994 through 2000 and total sales in the United States during that period were approximately \$5.2 million. The Company's primary level insurance carrier has confirmed coverage for the breach of warranty claims in this matter up to one million dollars, their asserted policy limits. Litigation has been initiated with the Company's primary and excess insurance carriers regarding the level and coverage of their respective insurance policies for this case.

On June 18, 2004, Marvin Weinstat, DDS and Richard Nathan, DDS filed a class action suit in San Francisco County, California alleging that the Company misrepresented that its Cavitron® ultrasonic scalers are suitable for use in oral surgical procedures. The Complaint seeks a recall of the product and refund of its purchase price to dentists who have purchased it for use in oral surgery. The Court certified the case as a class action in June 2006 with respect to the breach of warranty and unfair business practices claims. The class is defined as California dental professionals who purchased and used one or more Cavitron ultrasonic scalers for the performance of oral surgical procedures. The Company filed a motion for decertification of the class and this motion was granted. Plaintiffs have appealed the decertification of the class to the California Court of Appeals.

On December 12, 2006, a Complaint was filed by Carole Hildebrand, DDS and Robert Jaffin, DDS in the Eastern District of PA. The case was filed by the same law firm that filed the Weinstat case in California. The Complaint seeks a refund of the purchase price and asserts putative class action claims on behalf of dentists located in New Jersey and Pennsylvania based on assertions that the Cavitron was sold in breach of contract and warranty arising from misrepresentations about the potential uses of the product because it cannot deliver potable or sterile water.

Other

The Company has no material non-cancelable purchase commitments.

The Company has employment agreements with its executive officers. These agreements generally provide for salary continuation for a specified number of months under certain circumstances. If all of the employees under contract were to be terminated by the Company without cause, (as defined in the agreements), the Company's liability would be approximately \$10.5 million at December 31, 2006.

Dentsply International Inc.
Quarterly Financial Information (Unaudited)

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total Year</u>
	(in thousands, except per share amounts)				
2006					
Net sales	\$ 430,996	\$ 472,444	\$ 435,725	\$ 471,331	\$ 1,810,496
Gross profit	220,136	242,154	225,911	240,810	929,011
Operating income	70,008	86,592	78,539	79,655	314,794
Net income	50,004	59,316	49,449	64,949	223,718
Earnings per common share - basic	\$ 0.32	\$ 0.38	\$ 0.32	\$ 0.42	\$ 1.44
Earnings per common share - diluted	\$ 0.31	\$ 0.37	\$ 0.31	\$ 0.42	\$ 1.41
Cash dividends declared per common share	\$ 0.0350	\$ 0.0350	\$ 0.0350	\$ 0.0400	\$ 0.1450
2005					
Net sales	\$ 406,975	\$ 444,834	\$ 415,964	\$ 447,362	\$ 1,715,135
Gross profit	208,941	227,283	209,002	223,792	869,018
Operating income	70,125	81,135	(56,633)	(21,705)	72,922
Net income	49,049	57,893	(60,805)	(724)	45,413
Earnings per common share - basic	\$ 0.31	\$ 0.36	\$ (0.39)	\$ -	\$ 0.29
Earnings per common share - diluted (a)	\$ 0.30	\$ 0.35	\$ (0.39)	\$ -	\$ 0.28
Cash dividends declared per common share	\$ 0.0300	\$ 0.0300	\$ 0.0300	\$ 0.0350	\$ 0.1250

(a) - As a result of the net loss in the third and fourth quarters of 2005, options to purchase 1,324,369 and 1,299,295 shares of common stock, respectively, that were outstanding at the end of each quarter were not included in the computation of diluted income (loss) per share due to their antidilutive effects on the income (loss) per share as a result of the net loss in each of the quarters.

Sales, excluding precious metal content, were \$383.7 million, \$423.4 million, \$394.7 million and \$421.3 million, respectively, for the first, second, third and fourth quarters of 2006. Sales, excluding precious metal content, were \$369.2 million, \$400.4 million, \$373.0 million and \$400.1 million, respectively, for the first, second, third and fourth quarters of 2005. This measurement should be considered a non-GAAP measure as discussed further in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Supplemental Stock Information

On May 10, 2006, the Company announced that its Board of Directors declared a two-for-one stock split in the form of a stock dividend. This stock split became effective on July 17, 2006 and has been retroactively reflected for all periods presented in this Annual Report on Form 10-K.

The common stock of the Company is traded on the NASDAQ National Market under the symbol "XRAY." The following table sets forth high, low and closing sale prices of the Company's common stock for the periods indicated as reported on the NASDAQ National Market:

	Market Range of Common Stock		Period-end Closing Price	Cash Dividend Declared
	<u>High</u>	<u>Low</u>		
2006				
First Quarter	\$ 29.23	\$ 26.07	\$ 29.08	\$ 0.03500
Second Quarter	31.50	27.72	30.30	0.03500
Third Quarter	30.42	29.12	30.11	0.03500
Fourth Quarter	32.68	29.63	29.85	0.04000
2005				
First Quarter	\$ 29.20	\$ 25.83	\$ 27.21	\$ 0.03000
Second Quarter	28.97	26.34	27.00	0.03000
Third Quarter	27.97	25.43	27.01	0.03000
Fourth Quarter	29.22	25.37	26.85	0.03500
2004				
First Quarter	\$ 22.72	\$ 20.88	\$ 22.17	\$ 0.02625
Second Quarter	26.13	22.05	26.05	0.02625
Third Quarter	26.46	23.15	25.97	0.02625
Fourth Quarter	28.42	25.01	28.10	0.03000

The Company estimates, based on information supplied by its transfer agent, that there are approximately 54,638 holders of common stock, including 494 holders of record.

Director

/s/

W. Keith Smith

W. Keith Smith

Director

February 23, 2007

Date

26 OCTOBER 2006
DENTSPLY INTERNATIONAL INC.

As Issuer

AND

CITIBANK, N.A.

As Issue And Paying Agent

NOTE AGENCY AGREEMENT
relating to a U.S.\$250,000,000
EURO-COMMERCIAL PAPER PROGRAMME

CONTENTS

Clause	CONTENTS	Page
1.	Interpretation.....	1
2.	Appointments.....	3
3.	Issue Of Notes.....	3
4.	Payment.....	6
5.	Cancellation, Destruction, Records And Custody.....	7
6.	Fees And Expenses.....	8
7.	Indemnity.....	8
8.	No Liability For Consequential Loss.....	8
9.	Agents Of The Issuer.....	8
10.	General	9
11.	Changes In Agent.....	9
12.	Agent As Holders Of Notes.....	10
13.	Notices	10
14.	Third Party Rights.....	11
15.	Law And Jurisdiction.....	11
16.	Modification	12
17.	Counterparts	12
SCHEDULE 1	FORMS OF NOTE.....	13

- - - - -

BETWEEN

- (1).....DENTSPLY INTERNATIONAL INC. (the "Issuer"); and
- (2) CITIBANK, N.A. (the "Agent").

WHEREAS

- (A) Pursuant to, and subject to the terms and conditions of, a dealer agreement of even date herewith between the Issuer, the Arranger referred to therein and the dealers from time to time party thereto (together, the "Dealers" and each, a "Dealer") (such agreement as amended or supplemented from time to time herein being referred to as the "Dealer Agreement") the Issuer may from time to time issue Notes (as defined below).
- (B) The parties hereto wish to record the arrangements agreed between them in relation to the Notes to be issued pursuant to this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 In this Agreement:

"Business Day", except to the extent that the context requires otherwise, means a day (other than a Saturday or Sunday):

- (a) on which deposits in the relevant currency are dealt in on the London Interbank Market;
- (b) on which commercial banks are open for business in London and (if applicable), if a payment is to be made on that day under this Agreement or any of the Notes, in the place of payment;
- (c) on which the Clearing Systems are in operation; and
- (d) in the case of Notes denominated in Euro, a day which is a TARGET Business Day (as defined below), or, in the case of Notes denominated in any other currency, a day upon which commercial banks are open for business in the principal financial centre of the country of that currency (which shall be Sydney in respect of Notes denominated in Australian dollars);

"Clearstream, Luxembourg" means Clearstream Banking, societe anonyme, Luxembourg or any successor thereto;

"Clearing System" means each or any of Clearstream, Luxembourg, Euroclear, Euroclear France or such other clearing system as may be agreed from time to time between the Issuer and the Agent and in which Notes may from time to time be held, or any successor to such entities;

"Common Depositary" means Citibank, N.A. acting as a depositary common to Euroclear and Clearstream, Luxembourg at such offices in London as shall be notified by both of them to the Agent from time to time;

"Deed of Covenant" means the deed of covenant, dated the date hereof, executed by the Issuer in respect of Global Notes issued pursuant to this Agreement, as such deed may be amended or supplemented from time to time;

"Definitive Note" means a security printed Note in definitive form;

"Dollars" and "U.S.\$" denote the lawful currency of the United States of America; and "Dollar Note" means a Note denominated in Dollars;

"Euro" and "(euro)" denote the single currency of the member states of the European Communities that adopt or have adopted Euro as their lawful currency under the legislation of the European Community for Economic Monetary Union; and "Euro Note" means a Note denominated in Euros;

"Euroclear" means Euroclear Bank S.A./N.V. as operator of the Euroclear system or any successor thereto;

"Euroclear France" means Euroclear France S.A. as operator of the Euroclear France Clearing System or any successor thereto;

"Global Note" means a Note in global form, representing an issue of promissory notes of a like maturity which may be issued by the Issuer from time to time pursuant to this Agreement;

"Index Linked Note" has the meaning ascribed thereto in the Dealer Agreement.

"Maximum Amount" means U.S.\$250,000,000 or the equivalent amount denominated in any currency other than Dollars, as such amount may be increased from time to time pursuant to the Dealer Agreement;

"Note" means a bearer promissory note of the Issuer purchased or to be purchased by a Dealer under the Dealer Agreement, in definitive or global form, substantially in the relevant form scheduled hereto or such other form as may be agreed between the Issuer and the Agent and, unless the context otherwise requires, includes the promissory notes represented by the Global Notes;

"Sterling" and "(pound)" denote the lawful currency of the United Kingdom; and "Sterling Note" means a Note denominated in Sterling;

"Swiss francs" and "CHF" denote the lawful currency of Switzerland; and "Swiss franc Note" means a Note denominated in Swiss francs;

"TARGET Business Day" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System, or any successor thereto, is open; and

"Yen" and "(Y)" denote the lawful currency of Japan; and "Yen Note" means a note denominated in Yen.

1.2 References in this Agreement to the principal amount of any Note shall be deemed to include any additional amounts which may become payable in respect thereof pursuant to the terms of such Note.

1.3 Any reference in this Agreement to a Clause or a Schedule is, unless otherwise stated, to a clause hereof or a schedule hereto.

1.4 Headings and sub-headings are for ease of reference only and shall not affect the construction of this Agreement.

2. APPOINTMENTS

2.1 The Issuer hereby appoints Citibank, N.A. at its specified office in London as issue agent and as paying agent for the Notes.

2.2 The Agent will act as calculation agent for Index Linked Notes, as contemplated in the Dealer Agreement, subject in each case to its specific agreement to act as such for each relevant series of Notes.

2.3 Any reference herein to the "Agent" or its "specified office" shall be deemed to include such other agent or office of the Agent (as the case may be) as may be appointed or specified from time to time hereunder.

3. ISSUE OF NOTES

3.1 Each Note issued hereunder shall be substantially in the relevant form scheduled hereto or, as the case may be, such other form as may be agreed between the Issuer and the Agent from time to time and shall be duly executed either manually or in facsimile on behalf of the Issuer and authenticated by an authorised signatory or signatories of the Agent. The Issuer shall procure that a sufficient quantity of executed but unauthenticated blank Notes is at all times available to the Agent for the purpose of issue under this Agreement.

3.2 The Issuer shall give to the Agent by fax or through any applicable Citibank software system details of any Notes to be issued by it under this Agreement and all such other information as the Agent may require for it to carry out its functions as contemplated by this clause, by not later than:

3.2.1 12 noon (London time) on the proposed issue date (in the case of Sterling Definitive Notes); or

3.2.2 12 noon (Paris time) on the proposed issue date (in the case of Notes to be cleared through Euroclear, France); or

3.2.3 in any other case, 3.00 p.m. (London time) two Business Days prior to the proposed issue date,

(or such later time or date as may be agreed between the Issuer and the

Agent) in respect thereof and the Agent shall thereupon be authorised to complete Notes of the appropriate aggregate amount and/or (as the case may be) a Global Note by inserting in the appropriate place on the face of each Note inter alia the dates on which such Note shall be issued and shall mature and otherwise completing the same. For the purposes of this Clause 3.2, the Agent may, if it considers it appropriate in the circumstances, treat a telephone communication from a person who the Agent reasonably believes to be an Authorised Person (as defined below) as sufficient instructions and authority from the Issuer to act in accordance with the provisions of this Clause 3.2, and the Issuer shall confirm such communication in writing no later than the relevant time referred to above.

3.3 The Issuer will supply the Agent with an incumbency certificate listing the names of the persons authorised to sign on behalf of the Issuer together with specimens of their signatures (each an "Authorised Person" and together, the "Authorised Persons"). Until the Agent receives a subsequent incumbency certificate from the Issuer, the Agent shall be entitled to rely on the last such certificate delivered to it for purposes of determining the Issuer's Authorised Persons. The Agent shall not have any responsibility to the Issuer to determine by whom or by what means the facsimile signature may have been affixed on the Issuer's Notes, or to determine whether any facsimile or manual signature is genuine, if such facsimile or manual signature resembles the specimen signatures filed with the Agent by an Authorised Person. Any Note bearing the manual or facsimile signature of an Authorised Person and duly attested in a certificate of incumbency by the Issuer on the date such signature is affixed shall bind the Issuer after the completion thereof by the Agent, notwithstanding that such individual shall have died or shall have otherwise ceased to hold office on the date such Notes are countersigned or delivered by the Agent.

3.4 If any such Notes as are mentioned in Clause 3.2 are not to be issued on any issue date, the Issuer shall notify the Agent immediately by fax or telephone (followed by fax), and in any event no later than:

3.4.1 12 noon (London time) on the proposed issue date (in the case of Sterling Definitive Notes);

3.4.2 12 noon (Paris time) on the proposed issue date (in the case of Notes to be cleared through Euroclear France); or

3.4.3 3.00 p.m. (London time) one Business Day prior to the proposed issue date (in the case of a Note denominated in a currency other than Sterling).

Upon receipt of such notice the Agent shall not thereafter issue or release the relevant Notes, but shall cancel and destroy them.

3.5 The Agent shall, upon notification by fax or through any applicable Citibank software system from the Dealer who has arranged to purchase Notes from the Issuer, such notification to be received in sufficient time to enable delivery to be made as contemplated herein and in any event no later than:

3.5.1 12 noon (London time) on the proposed issue date (in the case of Sterling Definitive Notes); or

3.5.2 12 noon (Paris time) on the proposed issue date (in the case of the Notes to be cleared through Euroclear France); or

3.5.3 in any other case, 3.00 p.m. (London time) two Business Days prior to the proposed issue date,

or such later time or date as may be agreed between the Agent and the relevant Dealer, that payment by it to the Issuer of the purchase price of any Note has been or will be duly made against delivery of such Notes and (if applicable) of details of the securities account hereinafter referred to:

(a) in the case of Notes to be cleared through Euroclear and/or Clearstream, Luxembourg or any other Clearing System other than Euroclear France, deliver such Note on the Business Day immediately preceding its issue date to or to the order of Euroclear and/or Clearstream, Luxembourg (which may be by delivery to the Common Depositary) and/or such other Clearing System, for credit on the issue date of such Note to such securities account as shall have been notified to it; or

(e) in the case of Notes to be cleared through Euroclear France, deliver such Note by 1:30 p.m. (Paris time) on the proposed

issue date to or to the order of Euroclear France (which may be by delivery to the sub-depositary to the Common Depositary) for credit on the issue date of such Note to such securities account as shall have been notified to it; or

- (f) if no such details are given, or, in the case of Sterling Definitive Notes, make the same available on its issue date for collection at its specified office in London.

3.6 The Agent shall (if applicable) give instructions to Euroclear and/or Clearstream, Luxembourg to credit the Notes to the Agent's distribution account. Each Note credited to the Agent's distribution account with the relevant Clearing System following the delivery of the Notes in accordance with Clause 3.4 above shall be held to the order of the Issuer pending delivery to the relevant Dealer on a delivery against payment basis in accordance with the normal procedures of the relevant Clearing System. The Agent shall on the issue date and against receipt of funds from the relevant Dealer transfer the proceeds of issue to the Issuer to the relevant account notified by the Issuer to the Agent in accordance with Clause 3.2 above.

3.7 If on the issue date the relevant Dealer does not pay the subscription price due from it in respect of any Note (the "Defaulted Note") and as a result the Defaulted Note remains in the Agent's distribution account with the relevant Clearing System after the issue date (rather than being credited to the Dealer's Account against payment), the Agent will continue to hold the Defaulted Note to the order of the Issuer.

3.8 If the Agent pays an amount (the "Advance") to the Issuer on the basis that a payment (the "Payment") has been, or will be, received from the relevant Dealer and if the Payment has not been or is not received by the Agent on the date the Agent pays the Issuer, the Agent shall promptly inform the relevant Dealer and request that Dealer to make good the Payment, failing which the Issuer shall, upon being requested to do so, repay to the Agent the Advance and the Agent's cost of funding on the Advance until the earlier of repayment in full of the Advance and receipt in full by the Agent of the Payment, provided however that the Issuer shall not pay the Agent's cost of funding more than once on any Payment.

3.9 As soon as practicable after the date of issue of any Notes, the Agent shall deliver to the Issuer particulars of (a) the number and aggregate principal amount of the Notes completed, authenticated and delivered by it, or made available by it for collection, on such date, (b) the issue date and the maturity date of such Notes and (c) the series and serial numbers of all such Notes.

3.10 The Issuer hereby authorises and instructs the Agent to make all necessary notifications to and filings with the Bank of England and the Japanese Ministry of Finance (in respect of Yen Notes).

3.11 The Issuer hereby authorises and instructs the Agent to complete, authenticate and deliver on its behalf Definitive Notes in accordance with the terms of any Global Note presented to the Agent for exchange in whole (but not in part only).

3.12 The Issuer, upon its knowledge, will give at least 10 days prior written notice to the Agent of a change in the Maximum Amount of Notes which may be issued under the Dealer Agreement.

3.13 The Issuer will promptly notify the Agent of the appointment, resignation or termination of the appointment of any Dealer.

4. PAYMENT

4.1 The Issuer undertakes in respect of each Note issued by the Issuer to pay, in the currency in which such Note is denominated, on the maturity date or any relevant interest payment date of each Note, an amount sufficient to pay the full amount payable on such date by way of principal, interest or otherwise in respect thereof:

4.1.1 in the case of Dollar Notes, by transfer of same day value Dollar funds to such account of the Agent at such bank in New York City as the Agent may from time to time designate for the purpose;

4.1.2 in the case of Euro Notes, by transfer of same day value Euro funds to such account of the Agent as the Agent may from time to time designate for the purpose; and

4.1.3 in the case of Notes denominated in any other currency, by

transfer of immediately available and freely transferable funds in such other currency to such account of the Agent at such bank in the principal financial centre for such other currency as the Agent may from time to time designate for the purpose;

or, in each case, by such other form of transfer as may be agreed between the Issuer and the Agent.

4.2 The Issuer shall, prior to 12 noon (London time) on the second Business Day immediately preceding the maturity date or any relevant interest payment date of any Note (or such later time or date as may subsequently be agreed between the Issuer and the Agent), send to the Agent irrevocable confirmation that payment will be made and the details of the bank through which the Issuer is to make the payment due pursuant to this Clause.

4.3 The Issuer hereby authorises and directs the Agent from funds so paid to the Agent to make payment of all amounts due on the Notes as set forth herein and in the Notes.

4.4 If the Agent has not received on the maturity date or any relevant interest payment date of any Notes the full amount payable in respect thereof on such date and confirmation satisfactory to itself that such payment has been received, the Agent shall not be required to make payment of any amount due on any Note. Nevertheless, subject to the foregoing, if the Agent is satisfied that it will receive such full amount later, it shall be entitled to pay maturing Notes due in accordance with their terms.

4.5 If the Agent makes such payment on behalf of the Issuer under Clause 4.4, the Issuer shall be liable on demand by the Agent to pay to the Agent the amount so paid out, together with interest thereon at such a rate as the Agent may certify as the aggregate of 1% per annum and the Agent's cost of funding any such payment made by it (as determined by the Agent in its sole discretion).

4.6 If at any time a Agent makes a partial payment in respect of any Note presented to it, in accordance with the terms of such Note, it shall procure that a statement indicating the date and amount of such payment is written or stamped on the face of such Note.

4.7 The Agent shall not make payments of interest and principal in respect of the Notes by a transfer of funds into an account maintained by the payee in the United States or mailed to an address in the United States.

5. CANCELLATION, DESTRUCTION, RECORDS AND CUSTODY

5.1 All Notes which mature and are paid in full shall be cancelled forthwith by the Agent. The Agent shall, unless the Issuer otherwise directs, destroy the cancelled Notes, and as soon as reasonably practicable after each maturity date, furnish the Issuer with particulars of the Global Notes and the aggregate principal amount of the Notes maturing on such maturity date which have been destroyed since the last certification so furnished and the series and serial numbers of all such Notes.

5.2 The Agent shall keep and make available at all reasonable times to the Issuer a full and complete record of all Notes and of their issue, payment, cancellation and destruction and, in the case of Global Notes, their exchange for Definitive Notes.

5.3 The Agent shall maintain in safe custody all forms of Notes delivered to and held by it hereunder and shall ensure that the same are only completed, authenticated and delivered or made available in accordance with the terms hereof.

5.4 The Issuer may from time to time with the approval, where appropriate, of the Agent make arrangements as to the replacement of Notes which shall have been lost, stolen, mutilated, defaced or destroyed, including (without limitation) arrangements as to evidence of title, costs, delivery and indemnity.

5.5 The Agent shall make available for inspection by the Dealers, Issuer or Noteholders during its office hours at its specified office copies of this Agreement and the Deed of Covenant.

6. FEES AND EXPENSES

6.1 The Issuer undertakes to pay such fees and expenses in respect of the Agent's services under this Agreement as are set out in a letter of even date herewith from the Agent to the Issuer, which has been signed by

both parties, at the time and in accordance with the manner stated therein.

6.2 The Issuer undertakes to pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) to which this Agreement or the issue of any Notes may be subject.

6.3 The Issuer undertakes to pay on demand all out-of-pocket expenses (including legal, advertising, telex and postage expenses) properly incurred by the Agent in connection with its services under this Agreement.

7. INDEMNITY

The Issuer undertakes to indemnify and hold harmless the Agent against any losses, liabilities, costs, expenses, claims, actions or demands which the Agent may incur or which may be made against the Agent, as a result of or in connection with the appointment or the proper exercise of the powers, discretions, authorities and duties of the Agent under this Agreement except such as may result from its own negligence or bad faith or that of its officers, employees or agents. The indemnities contained in this Agreement shall survive the termination or expiry of this Agreement.

8. NO LIABILITY FOR CONSEQUENTIAL LOSS

Except in the case of gross negligence or wilful default, the Agent shall not be liable either for any act or omission under this Agreement, or if any Note shall be lost, stolen, destroyed or damaged. Notwithstanding the foregoing, under no circumstances will the Agent be liable to the Issuer for any consequential loss (being loss of business, goodwill, opportunity or profit) or any special or punitive damages of any kind whatsoever; in each case however caused or arising and whether or not foreseeable, even if advised of the possibility of such loss or damage.

9. AGENTS OF THE ISSUER

9.1 In acting hereunder and in connection with the Notes, the Agent shall act solely as agent of the Issuer and will not thereby assume any obligations towards or relationship of agency or trust for any holders of Notes. Any funds held by the Agent for payments in respect of the Notes need not be segregated from other funds except as required by law. The Agent shall not be under any liability for interest on any moneys at any time received by it pursuant to any of the provisions of this Agreement or of the Notes.

9.2 The Agent may generally engage in any kind of banking or other business with the Issuer notwithstanding its appointments as issue agent and paying agent hereunder.

10. GENERAL

10.1 Prior to the first issue of the Notes, the Issuer shall supply to the Agent copies of all condition precedent documents required to be delivered pursuant to the Dealer Agreement.

10.2 The Agent shall be obliged to perform such duties and only such duties as are herein specifically set forth, and no implied duties or obligations shall be read into this Agreement against the Agent. The Agent shall not be under any obligation to take any action hereunder which it expects will result in any expense or liability of the Agent, the payment of which within a reasonable time is not, in its opinion, assured to it.

10.3 Except as ordered by a court of competent jurisdiction or as required by law, and notwithstanding any notice to the contrary, the Issuer and the Agent shall be entitled to treat the holder of any Note as the absolute owner thereof for all purposes and shall not be required to obtain any proof thereof or as to the identity of the bearer or holder.

10.4 The Agent may consult with legal and other professional advisers selected in good faith and satisfactory to it and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered hereunder in good faith and without negligence and in accordance with the opinion of such advisers.

10.5 The Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in relation to any issue of Notes in reliance upon any Note, notice, direction, consent,

certificate, affidavit, statement, telex or other paper or document reasonably believed by it in good faith to be genuine and to have been passed or signed by an Authorised Person (as defined in Clause 3.3).

10.6 The Agent shall be entitled to deal with each amount paid to it hereunder in the same manner as other amounts paid to it as a banker by its customers provided that:

- (i) it shall not against the Issuer exercise any lien, right of set-off or similar claim in respect thereof;
- (ii) it shall not be liable to any person for interest thereon; and
- (iii) money held by it need not be segregated except as required by law.

11. CHANGES IN AGENT

11.1 The Agent may resign its appointment hereunder at any time by giving to the Issuer, and the Issuer may terminate the appointment of the Agent by giving to the Agent, at least 45 days' written notice to that effect, provided that no such resignation or termination of the appointment of the Agent shall take effect until a successor has been appointed by the Issuer.

11.2 The Issuer agrees with the Agent that if, by the day falling 10 days before the expiry of any notice under Clause 11.1, the Issuer has not appointed a replacement Agent, then the Agent shall be entitled, on behalf of the Issuer to appoint in its place any reputable financial institution of good standing and the Issuer shall not unreasonably object to such appointment.

12. AGENT AS HOLDERS OF NOTES

The Agent and its officers and employees, in their individual or any other capacity, may become the owner of, or acquire any interest in, any Notes with the same rights that the Agent would have if it were not the Agent hereunder.

13. NOTICES

13.1 Written Communication

Any communication to be made under this Agreement shall be made in writing and, unless otherwise agreed, be made by fax, letter or by telephone (to be confirmed promptly by fax or letter).

13.2 Delivery

13.2.1 Any communication by letter shall be made to the intended recipient and marked for the attention of the person, or any one of them, at its relevant address and shall be deemed to have been made upon delivery.

13.2.2 Any communication to be made by fax shall be made to the intended recipient and marked for the attention of the person, or any one of them, at its relevant fax number and shall be deemed to have been received when that fax communication has been received by the intended recipient in legible form.

13.2.3 Any communication to be made by telephone shall be made to the intended recipient at the relevant telephone number from time to time designated by that party to the other parties for the purpose of this Agreement and shall be deemed to have been received when made provided that prompt confirmation of that communication is given by fax or letter.

13.3 Contact details

For purposes of Clause 13.2, the relevant contact details of each party to this Agreement shall be as set out in the Programme Summary, or as otherwise notified by any party to each other party to this Agreement.

13.4 Receipt

13.4.1 A communication given under this Agreement but received on a non-Business Day or after business hours in the place of receipt will only be deemed to be given on the next Business Day in that place.

13.4.2 A communication under this Agreement to the Agent will only be effective on actual receipt by that Agent.

13.5 Language

13.5.1 Any notice given in connection with the Agreements or Note must be in English.

13.5.2 Any other document provided in connection with the Agreements or Note must be:

- (a) in English; or
- (b) if not in English, (unless the Agent otherwise agrees) accompanied by a certified English translation. In this case, the English translation prevails unless the document is a constitutional, statutory or other official document.

13.6 Electronic communication

13.6.1 Any communication to be made between parties to this Agreement under or in connection with the Agreements may be made by electronic mail or other electronic means if the relevant parties:

- (a) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (b) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
- (c) notify each other of any change to their address or any other such information supplied by them.

13.6.2 Any electronic communication made between those parties will be effective only when actually received in readable form at the correct address.

14. THIRD PARTY RIGHTS

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

15. LAW AND JURISDICTION

15.1 This Agreement and the Notes shall be governed by, and construed in accordance with, English law.

15.2 The Issuer agrees for the benefit of the Agent that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement (respectively, "Proceedings" and "Disputes") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

15.3 The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

15.4 The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to DENTSPLY Limited at Hamm Moor Lane, Addlestone, Weybridge, Surrey, KT15 2SE or at its registered office for the time being. If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall, on the written demand of the Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Agent shall be entitled to appoint such a person by written notice to the Issuer. Nothing in this sub-clause shall affect the right of the Agent to serve process in any other manner permitted by law.

15.5 The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Agent to take Proceedings in any other court of competent jurisdiction in the Issuer's country, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

15.6 Waiver of immunity

Without waiving any legitimate defense to any claim, the Issuer irrevocably and unconditionally:

15.6.1 agrees not to claim any immunity from proceedings brought by the Agent a Dealer against it in relation to this Agreement and to ensure that no such claim is made on its behalf;

15.6.2 consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

15.6.3 waives all rights of immunity in respect of it or its assets.

16. MODIFICATION

This Agreement may be amended by further agreement among the parties hereto and without the consent of holders of the Notes.

17. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which when taken together shall constitute a single agreement.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first before written.

SCHEDULE 1

FORMS OF NOTE

FORM OF GLOBAL NOTE

BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF THE UNITED STATES AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF THE UNITED STATES AND THE REGULATIONS THEREUNDER).

DENTSPLY INTERNATIONAL INC.

No: _____ Series No.: _____

Issued in London on: _____ Maturity Date: _____

Specified Currency: _____ Denomination: _____

Nominal Amount: _____ Reference Rate: _____ month LIBOR/EURIBOR(1)
(words and figures if a Sterling Note)

Calculation Agent:(2) _____ Minimum Redemption: GBP 500,000
(one hundred thousand pounds)

Fixed Interest Rate:(3) _____%per annum Margin:(4) _____%

Calculation Agent:(5) _____ Interest Payment Dates:(9) _____
(Interest)

1.

For value received, DENTSPLY INTERNATIONAL INC. (the "Issuer") promises to pay to the bearer of this Global Note on the above-mentioned Maturity Date:

- (a) the above-mentioned Nominal Amount; or
- (b) if this Global Note is index-linked, an amount (representing either principal or interest) to be calculated by the Calculation Agent named above, in accordance with the redemption or interest calculation, a copy of which is attached to this Global Note and/or is available for inspection at the offices of the Paying Agent referred to below,

together with interest thereon at the rate and at the times (if any) specified herein.

All such payments shall be made in accordance with an issue and paying agency agreement dated 26 October 2006 between the Issuer, the issue agent and the paying agents referred to therein, a copy of which is available for inspection at the offices of Citibank, N.A. (the "Paying Agent") at Citigroup Centre, Canada Square, London E14 5LP, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the office of the Paying Agent referred to above (other than in the United States or its possessions) by transfer to an account denominated in the above-mentioned Specified Currency maintained by the bearer in the principal financial centre in the country of that currency (except in the case of a Global Note denominated in Euro or U.S. dollars) or, in the case of a Global Note denominated in Euro, by Euro cheque drawn on, or by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union or, in the case of a Global Note denominated in U.S. dollars, by cheque drawn on a bank in the United States or by transfer to a U.S. dollar account maintained by the bearer outside the United States. Payments of interest and principal in respect of the Notes shall under no circumstances be made by a transfer of funds into an account maintained by the payee in the United States or mailed to an address in the United States. If the conclusions of the ECOFIN Council meeting of 26-27 November 2000 are implemented, the Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing such conclusions or any law implementing or complying with, or introduced to conform to, such Directive.

2. This Global Note is issued in representation of an issue of Notes in the above-mentioned aggregate Nominal Amount.

3. All payments in respect of this Global Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed in any jurisdiction through, in or from which such payments are made or any political subdivision or taxing authority of or in any of the foregoing ("Taxes"). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global Note after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable where this Global Note is presented for payment:

- (a) by or on behalf of a holder which is liable to such Taxes by reason of its having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Global Note; or
- (b) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting on 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by (i) presenting this Global Note to another

Paying Agent in a member state of the European Union; or (ii) authorising the Paying Agent to report information in accordance with the procedure laid down by the relevant tax authority or by producing, in the form required by the relevant tax authority, a declaration, claim, certificate, document or other evidence establishing exemption therefrom; or

- (d) more than 15 days after the Maturity Date or, if applicable, the relevant Interest Payment Date or (in either case) the date on which payment hereof is duly provided for, whichever occurs later, except to the extent that the holder would have been entitled to such additional amounts if it had presented this Global Note on the last day of such period of 15 days.
4. The payment obligation of the Issuer represented by this Global Note constitutes and at all times shall constitute a direct and unsecured obligation of the Issuer ranking pari passu without any preference with all present and future unsecured and unsubordinated indebtedness of the Issuer.
5. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Global Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Global Note:

"Payment Business Day" means any day other than a Saturday or Sunday which is both (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, and (B) either (i) if the above-mentioned Specified Currency is any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in both London and the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the above-mentioned Specified Currency is Euro, a day which is a TARGET Business Day; and

"TARGET Business Day" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System, or any successor thereto, is operating credit or transfer instructions in respect of payments in Euro.

Provided that if the Paying Agent determines with the agreement of the Issuer that the market practice in respect of Euro denominated internationally offered securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Paying Agent shall procure that a notice of such amendment is published not less than 15 days prior to the date on which any payment in euro falls due to be made in such manner as the Paying Agent may determine.

6. The payment obligation of the Issuer represented by this Global Note constitutes and at all times shall constitute a direct and unsecured obligation of the Issuer ranking at least pari passu with all present and future unsecured and unsubordinated indebtedness of the Issuer, including any guarantees given by the Issuer, other than obligations preferred by mandatory provisions of law applying to companies generally.
7. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
8. This Global Note is issued in respect of an issue of Notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date):
- (a) if the Clearing System(s) in which this Global Note is held at the relevant time is closed for a continuous period of 14 days

(other than by reason of public holidays) or announces an intention permanently to cease business or does in fact do so;

- (b) if default is made in the payment of any amount payable in respect of this Global Note; or
- (c) at the request of the bearer of this Global Note.

Upon or, in the case of (c) above, on the tenth London Banking Day (as defined below) following presentation and surrender of this Global Note during normal business hours to the Issuer at the offices of the Paying Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer), the Issue Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive notes denominated in the above-mentioned Specified Currency in an aggregate nominal amount equal to the Nominal Amount of this Global Note.

- 9. If, upon any such default and following such surrender, definitive Notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, this Global Note (including the obligation hereunder to issue definitive notes) will become void and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under a Deed of Covenant dated 26 October 2006, entered into by the Issuer).
- 10. If this is an interest bearing Global Note, then:
 - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global Note falling due for payment prior to the above-mentioned Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in part (a) or (b) (as the case may be) of paragraph 1 shall be payable on such fifteenth day;
 - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Global Note, the Schedule hereto shall be duly completed by the Paying Agent to reflect such payment; and
 - (c) if no Interest Payment Dates are specified on the face of the Global Note, the Interest Payment Date shall be the Maturity Date.
- 11. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:
 - (a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at the above-mentioned Interest Rate with the resulting figure being rounded to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and
 - (b) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is an "Interest Period" for the purposes of this paragraph.
- 12. If this is a floating rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:
 - (a) in the case of a Global Note which specifies LIBOR as the Reference Rate on its face, the Rate of Interest will be the aggregate of LIBOR and the above-mentioned Margin (if any) above or below LIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days.

As used in this Global Note:

"LIBOR", in respect of any Interest Period, shall be equal to the rate defined as "LIBOR-BBA" in respect of the above-mentioned Specified Currency (as defined in the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Global Note, (the "ISDA Definitions")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period or, if this Global Note is denominated in Sterling, on the first day thereof (a "LIBOR Interest Determination Date") as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified on the face of this Global Note in the Reference Rate; and

"London Banking Day" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

- (b) in the case of a Global Note which specifies EURIBOR as the Reference Rate on its face, the Rate of Interest will be the aggregate of EURIBOR and the above-mentioned Margin (if any) above or below EURIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Global Note, "EURIBOR" shall be equal to EUR-EURIBOR-Telerate (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "EURIBOR Interest Determination Date");

(c) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date or 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the "Amount of Interest") for the relevant Interest Period. "Rate of Interest" means (A) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 11(b), and (B) in any other case, the rate which is determined in accordance with the provisions of paragraph 11(a). The Amount of Interest shall be calculated by applying the Rate of Interest to the Nominal Amount of one Note of each denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 360 or, if this Global Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or countries (in the case of the euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;

- (d) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (e) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an "Interest Period" for the purposes of this paragraph; and
- (f) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the relevant Clearing System or, if this Global Note has been exchanged for bearer definitive Notes pursuant to paragraph 7, will be published in a leading English language daily newspaper published in London (which is expected to be the Financial Times).

13. Instructions for payment must be received at the offices of the Paying Agent referred to above together with this Global

Note as follows:

- (a) if this Global Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
- (b) if this Global Note is denominated in United States dollars, Canadian dollars or Sterling, on or prior to the relevant payment date; and
- (c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, "Business Day" means:

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and
- (ii) in the case of payments in Euro, a TARGET Business Day and, in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the above-mentioned Specified Currency.

14. This Global Note shall not be validly issued unless manually authenticated by Citibank, N.A. as issue agent.

15. This Global Note is governed by, and shall be construed in accordance with, English law.

16. (a) English courts: The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute") arising from or connected with this Global Note.

(b) Appropriate forum: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(c) Rights of the bearer to take proceedings outside England: Clause 16(a) (English courts) is for the benefit of the bearer only. As a result, nothing in this clause 15 prevents the bearer from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, the bearer may take concurrent Proceedings in any number of jurisdictions.

(d) Process agent: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to DENTSPLY at Hamm Moor Lane, Addlestone, Weybridge, Surrey KT15 2SE or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the bearer addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Paying Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Paying Agent. Nothing in this paragraph shall affect the right of the bearer to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

(e) Waiver of immunity: Without waiving any legitimate defense to any claim, the Issuer irrevocably and unconditionally:

(i) agrees not to claim any immunity from proceedings brought by the bearer against it in relation to this Global Note and to ensure that no such claim is made on its behalf;

(ii) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

(iii) waives all rights of immunity in respect of it or its assets.

(f) Waiver of trial by jury: EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH ANY PROGRAMME AGREEMENT OR NOTE OR ANY TRANSACTION CONTEMPLATED BY ANY PROGRAMME AGREEMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO TRIAL BY COURT.

17. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

AUTHENTICATED by
CITIBANK, N.A.
without recourse, warranty or liability and for
authentication purposes only

Signed on behalf of:
DENTSPLY INTERNATIONAL INC.

By: _____
(Authorised Signatory)

By: _____
(Authorised Signatory)

SCHEDULE
PAYMENTS OF INTEREST

The following payments of interest in respect of this Global Note have been made:

Date Made	Payment From	Payment To	Amount Paid	Notation on behalf of Paying Agent
=====	=====	=====	=====	=====
=====	=====	=====	=====	=====
- - - - -	- - - - -	- - - - -	- - - - -	- - - - -

Pro-forma Redemption or Interest Calculation
(Index linked Global Note)

This is the Redemption or Interest Calculation relating to the attached
index-linked Global Note:

Calculation Date: _____

Calculation Agent: _____

Minimum Redemption Amount (per Note): (pound)500,000 (for Sterling Notes Only)

Redemption Amount: to be calculated by the Calculation Agent as follows:

[Insert particulars of index and redemption calculation]

[Indicate whether the calculation refers to principal or coupon]

Confirmed:

For DENTSPLY INTERNATIONAL INC.

Note: The Calculation Agent is required to notify the Principal Paying Agent for the Notes of the Redemption Amount immediately upon completing its calculation of the same.

FORM OF MULTI-CURRENCY DEFINITIVE NOTE

Form of Multicurrency Definitive Note
(Interest Bearing/Discounted/Index-Linked)

(Non-Sterling) (6)

BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF THE UNITED STATES AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF THE UNITED STATES AND THE REGULATIONS THEREUNDER).

DENTSPLY INTERNATIONAL INC.

No: Series No.: _____
Issued in London on: Maturity Date: _____
Specified Currency: Denomination: _____
Nominal Amount: Reference Rate:(4) _____ months LIBOR/EURIBOR(1)
Calculation Agent:(2) Fixed Interest Rate:(3) _____%per annum
(Principal)
Margin:(4) % Calculation Agent:(4)

(Interest)
Interest Payment Dates:(5) _____

1.

For value received, DENTSPLY INTERNATIONAL INC. (the "Issuer") promises to pay to the bearer of this Note on the above-mentioned Maturity Date:

- (a) the above-mentioned Nominal Amount; or
- (b) if this Note is index-linked, an amount (representing either principal or interest) to be calculated by the Calculation Agent named above, in accordance with the redemption or interest calculation, a copy of which is attached to this Note and/or is available for inspection at the offices of the Paying Agent referred to below,

together with interest thereon at the rate and at the times (if any) specified herein.

All such payments shall be made in accordance with an issue and paying agency agreement dated 26 October 2006 between the Issuer, the issue agent and the paying agents referred to therein, a copy of which is available for inspection at the offices of Citibank, N.A. (the "Paying Agent") at Citigroup Centre, Canada Square, London E14 5LP, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the office of the Paying Agent referred to above (other than in the United States or its possessions) by transfer to an account denominated in the above-mentioned Specified Currency maintained by the bearer in the principal financial centre in the country of that currency (except in the case of a Note denominated in Euro or U.S. dollars) or, in the case of a Note denominated in Euro, by Euro cheque drawn on, or by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union or, in the case of a Global Note denominated in U.S. dollars, by cheque drawn on a bank in the United States or by transfer to a U.S. dollar account maintained by the bearer outside the United States. Payments of interest and principal in respect of the Notes shall under no circumstances be made by a transfer of funds into an account maintained by the payee in the United States or mailed to an address in the United States. If the conclusions of the ECOFIN Council meeting of 26-27 November 2000 are implemented, the Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing such conclusions or any law implementing or complying with, or introduced to conform to, such Directive.

2. All payments in respect of this Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed in any jurisdiction through, in or from which such payments are made or any political subdivision or taxing authority of or in any of the foregoing ("Taxes"). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Note after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable where this Note is presented for payment:

- (a) by reason of its having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Note; or
- (b) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting on 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by (i) presenting the Note or Coupon to another Paying Agent in a member state of the European Union; or (ii) authorising the Paying Agent to report information in accordance with the procedure laid down by the relevant tax authority or by producing, in the form required by the relevant tax authority, a declaration, claim, certificate, document or other evidence establishing exemption therefrom; or

- (d) more than 15 days after the Maturity Date or, if applicable, the relevant Interest Payment Date or (in either case) the date on which payment hereof is duly provided for, whichever occurs later, except to the extent that the holder would have been entitled to such additional amounts if it had presented this Note on the last day of such period of 15 days.
3. The payment obligation of the Issuer represented by this Note constitutes and at all times shall constitute a direct and unsecured obligation of the Issuer ranking pari passu without any preference with all present and future unsecured and unsubordinated indebtedness of the Issuer.
4. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Note:

"Payment Business Day" means any day other than a Saturday or Sunday which is both (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, and (B) either (i) if the above-mentioned Specified Currency is any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in both London and the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the above-mentioned Specified Currency is euro, a day which is a TARGET Business Day; and

"TARGET Business Day" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System, or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

Provided that if the Paying Agent determines with the agreement of the Issuer that the market practice in respect of Euro denominated internationally offered securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Paying Agent shall procure that a notice of such amendment is published not less than 15 days prior to the date on which any payment in euro falls due to be made in such manner as the Paying Agent may determine.

5. The payment obligation of the Issuer represented by this Global Note constitutes and at all times shall constitute a direct and unsecured obligation of the Issuer ranking at least pari passu with all present and future unsecured and unsubordinated indebtedness of the Issuer, including any guarantees given by the Issuer, other than obligations preferred by mandatory provisions of law applying to companies generally.
6. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
7. If this is an interest bearing Note, then:
- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the above-mentioned Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in part (a) or (b) (as the case may be) of paragraph 1 shall be payable on such fifteenth day; and
- (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Paying Agent to reflect such payment; and

(c) if no Interest Payment Dates are specified on the face of the Note, the Interest Payment Date shall be the Maturity Date.

8. If this is a fixed rate interest bearing Note, interest shall be calculated on the Nominal Amount as follows:

(a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days at the above-mentioned Interest Rate with the resulting figure being rounded to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and

(b) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is an "Interest Period" for the purposes of this paragraph.

9. If this is a floating rate interest bearing Note, interest shall be calculated on the Nominal Amount as follows:

(a) in the case of a Note which specifies LIBOR as the Reference Rate on its face, the Rate of Interest will be the aggregate of LIBOR and the above-mentioned Margin (if any) above or below LIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Note:

"LIBOR", in respect of any Interest Period, shall be equal to the rate defined as "LIBOR-BBA" in respect of the above-mentioned Specified Currency (as defined in the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note, (the "ISDA Definitions")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period (a "LIBOR Interest Determination Date"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified on the face of this Note in relation to the Reference Rate; and

"London Banking Day" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

(b) in the case of a Note which specifies EURIBOR as the Reference Rate on its face, the Rate of Interest will be the aggregate of EURIBOR and the above-mentioned Margin (if any) above or below EURIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Note, "EURIBOR" shall be equal to EUR-EURIBOR-Telerate (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "EURIBOR Interest Determination Date"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified on the face of this Note in relation to the Reference Rate;

(c) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date or 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the

"Amount of Interest") for the relevant Interest Period. "Rate of Interest" means (A) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 8(b), and (B) in any other case, the rate which is determined in accordance with the provisions of paragraph 8(a). The Amount of Interest shall be calculated by applying the Rate of Interest to the Nominal Amount of one Note of each denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or countries (in the case of the euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;

- (d) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
 - (e) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an "Interest Period" for the purposes of this paragraph; and
 - (f) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note, or if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the Financial Times).
10. Instructions for payment must be received at the offices of the Paying Agent referred to above together with this Note as follows:
- (a) if this Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
 - (b) if this Note is denominated in United States dollars or Canadian dollars, on or prior to the relevant payment date; and
 - (c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, "Business Day" means:

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and
 - (ii) in the case of payments in Euro, a TARGET Business Day and, in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the above-mentioned Specified Currency.
11. This Note shall not be validly issued unless manually authenticated by Citibank N.A. as issue agent.
12. This Note is governed by, and shall be construed in accordance with, English law.
13. (a) English courts: The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute") arising from or connected with this Global Note.
- (b) Appropriate forum: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
 - (c) Rights of the bearer to take proceedings outside England: Clause 12(a) (English courts) is for the benefit of the bearer only. As a result, nothing in this clause 12 prevents the bearer from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the

extent allowed by law, the bearer may take concurrent Proceedings in any number of jurisdictions.

(d) Process agent: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Hamm Moor Lane, Addlestone, Weybridge, Surrey KT15 2SE or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the bearer addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Paying Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Paying Agent. Nothing in this paragraph shall affect the right of the bearer to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

(e) Waiver of immunity: Without waiving any legitimate defense to any claim, the Issuer irrevocably and unconditionally:

(i) agrees not to claim any immunity from proceedings brought by the bearer against it in relation to this Note and to ensure that no such claim is made on its behalf;

(ii) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

(iii) waives all rights of immunity in respect of it or its assets.

(f) Waiver of trial by jury: EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH ANY PROGRAMME AGREEMENT OR NOTE OR ANY TRANSACTION CONTEMPLATED BY ANY PROGRAMME AGREEMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO TRIAL BY COURT.

14. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

AUTHENTICATED by
CITIBANK, N.A.
without recourse, warranty or liability and for
authentication purposes only

Signed on behalf of:
DENTSPLY INTERNATIONAL INC.

By: _____
(Authorised Signatory)

By: _____
(Authorised Signatory)

SCHEDULE
PAYMENTS OF INTEREST

The following payments of interest in respect of this Note have been made:

Date Made	Payment From	Payment To	Amount Paid	Notation on behalf of Paying Agent
=====	=====	=====	=====	=====
=====	=====	=====	=====	=====
-----	-----	-----	-----	-----

Pro-forma Redemption or Interest Calculation
(Index linked Note)

This is the Redemption or Interest Calculation relating to the attached
index-linked Note:

Calculation Date: _____

Calculation Agent: _____

Redemption Amount: to be calculated by the Calculation Agent as follows:

[Insert particulars of index and redemption calculation]

[Indicate whether the calculation refers to principal or coupon]

Confirmed:

- - - - -
For DENTSPLY INTERNATIONAL INC.

Note: The Calculation Agent is required to notify the Paying Agent for
the Notes of the Redemption Amount immediately upon
completing its calculation of the same.

FORM OF STERLING DEFINITIVE NOTES

Form of Definitive Note
(for use where the Issuer accepts the
proceeds of issue in the United Kingdom)

BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF THE UNITED STATES AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF THE UNITED STATES AND THE REGULATIONS THEREUNDER).

(pound)500,000

DENTSPLY INTERNATIONAL INC.

No: _____ Series No.: _____

Issued in London on: _____ Maturity Date: _____

Denomination: _____ Nominal Amount: _____
(words and figures)

Calculation Agent(7): _____ Minimum Redemption Amount: GBP500,000 _____
(Principal) (one hundred thousand pounds)

Fixed Interest Rate(8): _____%per annum Reference Rate: _____ month LIBOR(9)

Margin(3): _____% Calculation Agent(10): _____

Interest Payment Dates(11): _____
(Interest)

1.

For value received, DENTSPLY INTERNATIONAL INC. (the "Issuer") promises to pay to the bearer of this Note on the above-mentioned Maturity Date:

- (a) the above-mentioned Nominal Amount; or
- (b) if this Note is index-linked, an amount (representing either principal or interest) to be calculated by the Calculation Agent named above, in accordance with the redemption or interest calculation, a copy of which is attached to this Note and/or is available for inspection at the offices of the Paying Agent referred to below,

together with interest thereon at the rate and at the times (if any) specified on the reverse of this Note.

All such payments shall be made in accordance with an issue and paying agency agreement dated 26 October 2006 between the Issuer, the issue agent and the paying agents referred to therein, a copy of which is available for inspection at the offices of Citibank, N.A. (the "Paying Agent") at Citigroup Centre, Canada Square, London E14 5LB, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the office of the Paying Agent referred to above (other than in the United States or its possessions) by transfer to a sterling account maintained by the bearer in London. Payments of interest and principal in respect of the Notes shall under no circumstances be made by a transfer of funds into an account maintained by the payee in the United States of mailed to an address in the United States. If the conclusions of the ECOFIN Council meeting of 26-27 November 2000 are implemented, the Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing such conclusions or any law implementing or complying with, or introduced to conform to, such Directive.

2. All payments in respect of this Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed in any jurisdiction through, in or from which such payments are made or any political subdivision or taxing authority of or in any of the foregoing ("Taxes"). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Note after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable where this Note is presented for payment:

- (a) by or on behalf of a holder which is liable to such Taxes by reason of its having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Note; or
- (b) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting on 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by (i) presenting this Note to another Paying Agent in a member state of the European Union; or (ii) by authorising the Paying Agent to report information in accordance with the procedure laid down by the relevant tax authority or by producing, in the form required by the relevant tax authority, a declaration, claim, certificate, document or other evidence establishing exemption therefrom; or
- (d) more than 15 days after the Maturity Date or the date on which payment hereof is duly provided for, whichever occurs later, except to the extent that the holder would have been entitled to such additional amounts if it had presented this note on the last day of each 15 day period.

3. The payment obligation of the Issuer represented by this Note constitutes and at all times shall constitute a direct and unsecured obligation of the Issuer ranking pari passu without any preference with all present and future unsecured and unsubordinated indebtedness of the Issuer, including any guarantees given by the Issuer, other than obligations preferred by mandatory provisions of law applying to companies generally.
4. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment. As used in this Note, "Payment Business Day" means any day other than a Saturday or Sunday which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business in London.
5. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
6. This Note shall not be validly issued unless manually authenticated by Citibank N.A., as issue agent.
7. This Note is governed by, and shall be construed in accordance with, English law.
8. (a) English courts: The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute") arising from or connected with this Note.

(b) Appropriate forum: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(c) Rights of the bearer to take proceedings outside England: Clause 8(a) (English courts) is for the benefit of the bearer only. As a result, nothing in this clause 8 prevents the bearer from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, the bearer may take concurrent Proceedings in any number of jurisdictions.

(d) Process agent: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to DENTSPLY Limited at Hamm Moor Lane, Addlestone, Weybridge, Surrey, KT15 2SE or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the bearer addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Paying Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Paying Agent. Nothing in this paragraph shall affect the right of the bearer to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

(e) Waiver of immunity: Without waiving any legitimate defense to any claim, the Issuer irrevocably and unconditionally:
 - (i) agrees not to claim any immunity from proceedings brought by the bearer against it in relation to this Note and to ensure that no such claim is made on its behalf;
 - (ii) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and
 - (iii) waives all rights of immunity in respect of it or its assets.

(f) Waiver of trial by jury: EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH ANY PROGRAMME AGREEMENT OR NOTE OR ANY TRANSACTION CONTEMPLATED BY ANY PROGRAMME AGREEMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO TRIAL BY COURT.

9. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

AUTHENTICATED by
CITIBANK, N.A.
without recourse, warranty or liability and for
authentication purposes only

Signed on behalf of:
DENTSPLY INTERNATIONAL INC.

By: _____
(Authorised Signatory)

By: _____
(Authorised Signatory)

By: _____
(Authorised Signatory)

[On the Reverse]

(C) If this is an interest bearing Note, then:

(a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the above-mentioned Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in part (a) or (b) (as the case may be) of paragraph 1 shall be payable on such fifteenth day; and

(b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Paying Agent to reflect such payment; and

(c) if no Interest Payment Dates are specified on the face of the Global Note, the Interest Payment Date shall be the Maturity Date.

(D) If this is a fixed rate interest bearing Note, interest shall be calculated on the Nominal Amount as follows:

(a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days at the above-mentioned Interest Rate with the resulting figure being rounded to the nearest penny (with halves being rounded upwards); and

(b) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is an "Interest Period" for the purposes of this paragraph (B).

(E) If this is a floating rate interest bearing Note, interest shall be calculated on the Nominal Amount as follows:

(a) the Rate of Interest will be the aggregate of LIBOR and the above-mentioned Margin (if any) above or below LIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days. As used in this Note, "LIBOR", in respect of any Interest Period, shall be equal to the rate defined as "LIBOR-BBA" in respect of Sterling (as defined in the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note) as at 11.00 a.m. (London time) or as near thereto as practicable on the first day of the relevant Interest Period as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified on the face of this

Note in the Reference Rate;

(b) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on the first day of the relevant Interest Period, determine the Rate of Interest and calculate the amount of interest payable (the "Amount of Interest") for the relevant Interest Period. "Rate of Interest" means the rate which is determined in accordance with the provisions of sub-paragraph (a) above. The Amount of Interest shall be calculated by applying the Rate of Interest to the Nominal Amount of one Note of each denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure to the nearest penny. The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;

(c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;

(d) the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an "Interest Period" for the purposes of this paragraph (C).

SCHEDULE
PAYMENTS OF INTEREST

The following payments of interest in respect of this Note have been made:

Date Made	Payment From	Payment To	Amount Paid	Notation on behalf of Paying Agent
=====	=====	=====	=====	=====
=====	=====	=====	=====	=====
-----	-----	-----	-----	-----

Pro-forma Redemption or Interest Calculation
(Index linked Note)

This is the Redemption or Interest Calculation relating to the attached index-linked Note:

Calculation Date: _____

Calculation Agent: _____

Redemption Amount: to be calculated by the Calculation Agent as follows:

[Insert particulars of index and redemption calculation]

[Indicate whether the calculation refers to principal or coupon]

Confirmed:

For DENTSPLY INTERNATIONAL INC.

Note: The Calculation Agent is required to notify the Paying Agent for the Notes of the Redemption Amount immediately upon completing its calculation of the same.

SIGNATURE PAGES

The Issuer

DENTSPLY INTERNATIONAL INC.

By:

Address: 221 West Philadelphia Street
York
Pennsylvania 17405-0872

Telephone: + (717) 849 4262

Facsimile: + (717) 849 4486

Attention: Treasurer

The Agent

CITIBANK, N.A.

By:

Address: Citigroup Centre
Canada Square
London, E14 5LP

Telephone: +44 20 7508 3826

Facsimile: +44 20 7508 3884

Attention: Agency and Trust

-
- (1) Delete as appropriate. The reference rate will be LIBOR unless this Global Note is denominated in euro and the Issuer and the relevant Dealer agree that the reference rate should be EURIBOR.
 - (2) Complete for index-linked Notes only. (3) Complete for fixed rate interest bearing Notes only.
 - (4) Complete for floating rate interest bearing Notes only.
 - (5) Complete for floating rate interest bearing Notes only. (9) Complete for interest bearing Notes.
 - (1) Delete as appropriate. The reference rate will be LIBOR unless this Note is denominated in euro and the Issuer and the relevant Dealer agree that the reference rate should be EURIBOR.
 - (2) Complete for index-linked Notes only. (3) Complete for fixed rate interest bearing Notes only. (4) Complete for floating rate interest bearing Notes only. (5) Complete for interest bearing Notes.
 - (7) Complete for index-linked Notes only. (8) Complete for fixed rate interest bearing Notes only.
 - (9) Complete for floating rate interest bearing Notes only.
 - (10) Complete for floating rate interest bearing

Notes only.

(11)

Complete for interest bearing Notes.

26 OCTOBER 2006
 ENTSPLY INTERNATIONAL INC.
 as Issuer

CITIBANK INTERNATIONAL plc
 as Arranger

- and -

CITIBANK INTERNATIONAL plc
 as Dealer

DEALER AGREEMENT
 relating to a U.S. \$250,000,000
 EURO-COMMERCIAL PAPER PROGRAMME

Clause	CONTENTS	Page
1.	Interpretation.....	1
2.	Issue.....	6
3.	Representations And Warranties.....	8
4.	Covenants And Agreements.....	11
5.	Conditions Precedent.....	15
6.	Termination And Appointment.....	15
7.	Notices.....	16
8.	Assignment.....	17
9.	Third Party Rights.....	18
10.	Law And Jurisdiction.....	18
11.	Counterparts.....	19
Schedule 1	CONDITION PRECEDENT DOCUMENTS.....	20
Schedule 2	SELLING RESTRICTIONS.....	21
Schedule 3	PROGRAMME SUMMARY.....	24
Schedule 4	INCREASE OF MAXIMUM AMOUNT.....	26
Schedule 5	APPOINTMENT OF NEW DEALER.....	28
Schedule 6	FORM OF CALCULATION AGENCY AGREEMENT.....	30

BETWEEN

- (1).....DENTSPLY INTERNATIONAL INC. (the "Issuer");
- (2) CITIBANK INTERNATIONAL plc (the "Arranger"); and
- (3) CITIBANK INTERNATIONAL plc (the "Dealer").

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

"Agency Agreement" means the note agency agreement, dated the date hereof, between the Issuer and the Issue Agent and the Paying Agent, providing for the issue of and payment on the Notes, as such agreement may be amended or supplemented from time to time;

"Agreements" means this Agreement (as amended or supplemented from time to time), any agreement reached pursuant to Clause 2.1, the Deed of Covenant and the Agency Agreement;

"Clearstream, Luxembourg" means Clearstream Banking, societe anonyme;

"Dealer(s)" means the institution or institutions specified as a Dealer in the Programme Summary together with any additional institution or institutions appointed pursuant to Clause 6.2 but excluding any institution or institutions whose appointment has been terminated pursuant to Clause 6.1;

"Deed of Covenant" means the deed of covenant, dated the date hereof, executed by the Issuer in respect of Global Notes issued pursuant to the Agency Agreement, as such deed may be amended or supplemented from time to time;

"Definitive Note" means a security printed Note in definitive form;

"Disclosure Documents" means, at any particular date, (a) the Information Memorandum, (b) the most recently published audited consolidated financial statements of the Issuer filed with the Securities and Exchange Commission and any subsequent interim financial statements filed with the Securities and Exchange Commission, and (c) any other document delivered by the Issuer to the Dealer(s) which the Issuer has expressly authorised to be distributed;

"Dollars" and "U.S.\$" denote the lawful currency of the United States of America; and "Dollar Note" means a Note denominated in Dollars;

"Dollar Equivalent" means, on any day:

- (a) in relation to any Dollar Note, the nominal amount of such Note; and
- (b) in relation to any Note denominated or to be denominated in any other currency, the amount in Dollars which would be required to purchase the nominal amount of such Note as expressed in such other currency at the spot rate of exchange for the purchase of such other currency with Dollars quoted by the Issue Agent at or about 11.00 a.m. (London time) on such day;

"Euro" denotes the single currency of those member states of the European Union participating in European Monetary Union from time to time; and "Euro Note" means a Note denominated in Euro;

"Euroclear" means Euroclear Bank S.A./N.V. as operator of the Euroclear clearing system;

"Euroclear France" means Euroclear France S.A. as operator of the Euroclear France clearing system;

"FSMA" means the Financial Services and Markets Act 2000;

"Global Note" means a Note in global form, representing an issue of commercial paper notes of a like maturity which may be issued by the Issuer from time to time pursuant to the Agency Agreement;

"Index Linked Note" means a Note, the redemption or coupon amount of which is not fixed at the time of issue, but which is to be calculated in accordance with such formula or other arrangement as is agreed between the Issuer and the relevant Dealer at the time of reaching agreement under Clause 2.1;

"Information Memorandum" means the most recent information memorandum, as the same may be amended or supplemented from time to time, containing information about the Issuer and the Programme, the text of which has been prepared by or on behalf of the Issuer for use by the Dealer(s) in connection with the transactions contemplated by this Agreement;

"Issue Agent" means Citibank, N.A. and any successor issue agent appointed in accordance with the Agency Agreement;

"Japanese Yen" and "JPY" denote the lawful currency of Japan; and "Yen Note" means a Note denominated in Japanese Yen;

"Note" means a commercial paper note of the Issuer purchased or to be purchased by a Dealer under this Agreement, in bearer global or definitive form, substantially in the relevant form scheduled to the Agency Agreement or such other form(s) as may be agreed from time to time between the Issuer and the Issue Agent and, unless the context otherwise requires, includes the commercial paper notes represented by the Global Notes;

"Principal Paying Agent" means Citibank, N.A. and any successor principal paying agent appointed in accordance with the Agency Agreement;

"Programme" means the Euro-commercial paper programme established by the Agreements;

"Programme Summary" means the summary of the particulars of the Programme as set out in Schedule 3, as such summary may be amended or superseded from time to time;

"Rating Agencies" means Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc., or Moody's Investors Services Inc.;

"relevant jurisdiction" means any one or more of the United Kingdom, the jurisdiction of incorporation of the Issuer and any jurisdiction from or through which any payment under or in respect of any Note or any Agreement may be made;

"Relevant Party" means the Arranger, each Dealer, each of their respective affiliates and each person who controls them (within the meaning of section 15 of the Securities Act or section 20 of the United States Securities Exchange Act of 1934, as amended), together with each of their respective directors, officers, employees and agents;

"Securities Act" means the United States Securities Act of 1933;

"Sterling" and "GBP" denote the lawful currency of the United Kingdom; and "Sterling Note" means a Note denominated in Sterling;

"Subsidiary" means, in respect of any person (the "first person") at any particular time, any other person (the "second person"):

- (a) an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and "control" for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise; or
- (b) an entity whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of another person.

"Swiss francs" and "CHF" denote the lawful currency of Switzerland; and "Swiss franc Note" means a Note denominated in Swiss francs; and

1.2 Programme Summary

Terms not expressly defined herein shall have the meanings set out in the Programme Summary.

1.3 Legislation

Any reference in this Agreement to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

1.4 Clauses and Schedules

Any reference in this Agreement to a Clause, sub clause or a Schedule is, unless otherwise stated, to a clause or sub clause hereof or a schedule hereto.

1.5 Headings

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Agreement.

2. ISSUE

2.1 Basis of agreements to issue; uncommitted facility

Subject to the terms hereof, the Issuer may issue and sell Notes to the Dealer(s) from time to time at such prices and upon such terms as the Issuer and the relevant Dealer may agree, provided that the Issuer has, and shall have, no obligation to sell Notes to the Dealer(s), except as agreed, and each Dealer has, and shall have, no obligation to purchase Notes from the Issuer, except as agreed. The Issuer acknowledges that the Dealer(s) may resell Notes purchased by such Dealer(s). The tenor of each Note shall not be less than the Minimum Term nor greater than the Maximum Term specified in the Programme Summary, calculated from the date of issue of such Note to the maturity date thereof. Global Notes and Definitive Notes shall be issued in the Denomination(s) specified in the Programme Summary. Each issue of Notes having the same issue date, maturity date, currency of denomination, yield and redemption basis will be represented by a Global Note or by Definitive Notes having the aggregate nominal amount of such issue as may be agreed between the Issuer and the relevant Dealer.

2.2 Procedures

If the Issuer and any Dealer shall agree on the terms of the purchase of any Note by such Dealer (including agreement with respect to the issue date, maturity date, currency, denomination, yield, redemption basis, aggregate nominal amount and purchase price), then:

2.2.1 Instruction to Issue Agent: the Issuer shall instruct the Issue Agent to issue such Note and

deliver it in accordance with the terms of the Agency

agreement;

2.2.2 Payment of purchase price: the relevant Dealer shall pay or arrange for payment of the

purchase price of such Note on the date of issue:

- (a) Dollar Note: in the case of a Dollar Note, by transfer of funds settled through the New York Clearing House Interbank Payments System (or such other same day value funds as at the time shall be customary for the settlement in New York City of international banking transactions denominated in Dollars) to such account of the Issue Agent in New York City denominated in Dollars as the Issue Agent shall have specified for this purpose; or
- (b) Euro Note: in the case of a Euro Note, by transfer of same-day funds settled through the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System to such account of the Issue Agent outside the United Kingdom denominated in Euro as the Issue Agent shall have specified for this purpose; or
- (c) Sterling Notes: in the case of a Sterling Note, by transfer of same-day funds to the Sterling account in London as the Issue Agent shall from time to time have specified for this purpose; or
- (d) Other Notes: in all other cases, by transfer of freely transferable and immediately available funds in the relevant currency to such account of the Issue Agent at

such bank in the principal domestic financial centre for such currency as the Issue Agent shall have specified for this purpose; and

2.2.3 Delivery Instructions: the relevant Dealer shall notify the Issue Agent and the Issuer of the payment and delivery instructions applicable to such Note or Notes by fax or through any applicable Citibank software system, such notification to be received in sufficient time and in any event no later than (i) 12 noon (London time) on the proposed issue date (in the case of Sterling Definitive Notes); or (ii) 12 noon (Paris time) on the proposed issue date (in the case of Notes to be cleared through Euroclear France) or (iii) in any other case, 3.00 p.m. (London time) two Business Days prior to the proposed issue date (or such later time or date as may be agreed between the Issue Agent and the relevant Dealer) to enable the Issue Agent to deliver such Note or Notes as contemplated in the Agency Agreement (or, in the case of Sterling Definitive Notes, make the same available for collection) on its issue date.

2.3 Failure of agreed issuance

If for any reason (including, without limitation, the failure of the relevant trade) a Note agreed to be purchased pursuant to Clause 2.1 is not to be issued, each of the Issuer and the relevant Dealer shall immediately notify the Issue Agent thereof.

2.4 Issuance currencies

The parties acknowledge that Notes issued under the Programme may be denominated in Dollars or, subject as provided below, in any other currency. Any agreement reached pursuant to Clause 2.1 to sell and purchase a Note denominated in a currency other than Dollars shall be conditional upon:

2.4.1 Compliance: it being lawful and in compliance with all requirements of any relevant central bank and any other relevant fiscal, monetary, regulatory or other authority, for deposits to be made in such currency and for such Note to be issued, offered for sale, sold and delivered;

2.4.2 Convertibility: such other currency being freely transferable and freely convertible into Dollars;

2.4.3 Consent: the consent of the Issue Agent to that currency having been given; and

2.4.4 Amendments: any appropriate amendments which the relevant Dealer, the Issuer or the Issue Agent shall require having been made to this Agreement and/or the Agency Agreement.

2.5 Increase of Maximum Amount

The Issuer may increase the Maximum Amount by giving at least ten days' notice by letter, substantially in the form set out in Schedule 4, to each of the Dealer(s), the Issue Agent and the Paying Agent. Such increase will not take effect until the Dealer(s) have received from the Issuer the documents listed in such letter of Schedule 1 (if required by the Dealer(s)), in each case in form and substance acceptable to each Dealer.

2.6 Calculation Agent

If Index Linked Notes are to be issued, the Issuer will appoint either the relevant Dealer or the Principal Paying Agent (subject to the consent of the relevant Dealer or the Principal Paying Agent thereto) or some other person (subject to the consent of the relevant Dealer and the Principal Paying Agent to such person's appointment) to be the calculation agent in respect of such Index Linked Notes and the following provisions shall apply:

2.6.1 Dealer: if a Dealer is to be the calculation agent, its appointment as such shall be on the terms of the form of agreement set out in Schedule 6, and each Dealer will be deemed to have entered into an agreement in such form for a particular calculation if it is named as calculation agent in the redemption calculation attached to or endorsed on the relevant Note;

2.6.2 Principal Paying Agent: if the Principal Paying Agent is to be the calculation agent, its appointment as such shall be on the terms set out in the Agency Agreement;

2.6.3 Other Calculation Agent: if the person nominated by a Dealer or by the Principal Paying Agent as calculation agent is not a Dealer, that person shall execute (if it has not already done so) an agreement substantially in the form of the agreement set out in Schedule 6 and the appointment of that person shall be on the terms of that agreement.

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and warranties

The Issuer represents and warrants to each Dealer at the date of this Agreement, each date upon which the Maximum Amount is increased, each date upon which an agreement for the sale of Notes is made and each date upon which Notes are, or are to be, issued that:

3.1.1 Authorisation; valid, binding and enforceable: each of:

- (a) the establishment of the Programme and the execution, delivery and performance by the Issuer of the Agreements and the Notes;
- (b) the entering into and performance by the Issuer of any agreement for the sale of Notes reached pursuant to Clause 2.1; and
- (c) the issue and sale of the Notes by the Issuer under the Agreements,

has been duly authorised by all necessary action and the same constitute, or, in the case of Notes, will, when issued in accordance with the Agency Agreement, constitute, valid and binding obligations of the Issuer enforceable against it in accordance with their respective terms;

3.1.2 Status: the obligations of the Issuer under each of the Agreements and the Notes will rank (other than in the case of obligations preferred by mandatory provisions of law) at least pari passu with all other present and future unsecured indebtedness of the Issuer or guaranteed by the Issuer;

3.1.3 Incorporation, capacity: the Issuer is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and:

- (a) the establishment of the Programme, the execution, delivery and performance by the Issuer of the Agreements and the Notes;
- (b) the entering into and performance by the Issuer of any agreement for the sale of Notes reached pursuant to Clause 2.1; and
- (c) the issue and sale of the Notes by the Issuer under the Agreements,

will not infringe any of the provisions of the Issuer's constituting documents and will not contravene any then existing law, regulation, order or judgement to which the Issuer or any of its assets is subject nor result in the breach of any term of, or cause a default under, any instrument to which the Issuer is a party or by which it or any of its assets may be bound;

3.1.4 Approvals: all consents, authorisations, licences or approvals of and registrations and filings with any governmental or regulatory authority required in connection with the issue by the Issuer of Notes under the Agreements and the performance of the Issuer's obligations under the Agreements and the Notes have been obtained and are in full force and effect, and copies thereof have been supplied to the Dealer(s);

3.1.5 Disclosure: in the context of this Agreement and the transactions contemplated hereby, the information contained or incorporated by reference in the Disclosure Documents is true and accurate and not misleading, in any material respect and there are no other facts the omission of which makes the Disclosure Documents as a whole or any such information contained or incorporated by reference therein misleading in any material respect;

3.1.6 Financial Statements: the audited financial statements and any interim financial statements (audited or unaudited) filed with the Securities and Exchange Commission for the Issuer published subsequently thereto and incorporated by reference in the Information Memorandum as of the respective dates of such statements and for the periods they cover or to which they relate and have been prepared in accordance with the relevant laws of the United States of America and with generally accepted accounting principles in the United States of America applied on a consistent basis throughout the periods involved (unless and to the extent otherwise stated therein);

3.1.7 No material adverse change, No litigation: since the date of the most recent audited financial statements supplied to the Dealer(s) and, in relation to any date on which this warranty is made after the date hereof, save as otherwise disclosed by any Disclosure Document subsequently delivered by the Issuer to the Dealer(s):

(a) there has been no adverse change in the business or financial condition of the Issuer or its Subsidiaries, holding companies or affiliates; and

(b) there is no litigation, arbitration or governmental proceeding pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer or its subsidiaries, holding companies or affiliates,

which in any case could reasonably be expected to be material to the issue on a consolidated basis;

3.1.8 No default: the Issuer is not in default in respect of any indebtedness for borrowed money;

3.1.9 No ratings downgrade: there has been no downgrading, nor any notice to the Issuer of any intended downgrading, in the rating accorded to the Issuer or any security of the Issuer by the Rating Agencies;

3.1.10 Taxation: the Issuer is not required by any then existing law or regulation nor any relevant taxing authority in any relevant jurisdiction to make any deduction or withholding from any payment due under the Notes, the Agency Agreement or the Deed of Covenant for or on account of any income, registration, transfer or turnover taxes, customs or other duties or taxes of any kind;

3.1.11 Maximum Amount not exceeded: the outstanding principal amount of all Notes on the date of issue of any Note does not and will not exceed the Maximum Amount set out in the Programme Summary (as increased from time to time pursuant to Clause 2.5) and for this purpose the nominal amount of any Note denominated in any currency other than Dollars shall be taken as the Dollar Equivalent of such nominal amount as at the date of the agreement for the issue of such Note; and

3.1.12 Investment Company: the Issuer is not an investment company as defined in the United States Investment Company Act of 1940.

3.2 Notice of inaccuracy

If, prior to the time a Note is issued and delivered to or for the account of the relevant Dealer, an event occurs which would render any of the representations and warranties set out in Clause 3.1 immediately, or with the lapse of time, untrue or incorrect, the Issuer will inform the relevant Dealer in writing as soon as practicable of the occurrence of such event. In either case, the relevant Dealer shall inform the Issuer in writing without any undue delay whether it wishes to continue or discontinue the issuance and delivery of the respective Notes.

4. COVENANTS AND AGREEMENTS

4.1 Issuer

The Issuer covenants and agrees that:

4.1.1 Delivery of published information: whenever the Issuer shall make a public filing with the Securities and Exchange Commission, the Issuer shall notify the Dealer(s) shall make a reasonable number of copies of such information available to

the Dealer(s) upon request to permit distribution to investors and prospective investors and shall take such action as may be necessary to ensure that the representation and warranty contained in sub clause 3.1.5 is true and accurate on the dates contemplated by such sub clause;

4.1.2 Authorisation information: Whenever the Issuer is required to obtain or effect any consent, authorisation, licence or approval in order to comply with the representation and warranty contained in Clause 3.1.4, the Issuer shall:

- (a) notify the Dealer(s) as to the nature of such authorisation; and
- (b) upon request by the Dealer(s), make a reasonable number of copies of such authorisation available to the Dealer(s).

4.1.3 Ratings: The Issuer shall promptly notify the Dealer(s) of any change in the rating given by the Rating Agencies or such other rating agency as notified to the Dealer(s) for any of the Notes to be issued under the Programme by it or upon it becoming aware that such rating has been put on a "Creditwatch" list or other similar publication of formal review (including a notice of change of outlook) by either of the Rating Agencies or any other relevant rating agency.

4.1.4 Indemnity: the Issuer shall indemnify and hold harmless on demand each Dealer against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it may incur arising out of or based upon:

- (a) the Issuer's failure to make due payment under the Notes or the Deed of Covenant; or
- (b) Notes not being issued for any reason (other than as a result of the failure of any Dealer to pay or an exception provided for in this Agreement) after an agreement for the sale of such Notes has been made; or
- (c) any breach or alleged breach of the representations, warranties, covenants or agreements made by the Issuer in this Agreement; or
- (d) any untrue statement or alleged untrue statement of any material fact contained in the Disclosure Documents or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

4.1.5 In case any allegation as described in sub-clause 4.1.4 above is made or any action is brought against any Relevant Party in respect of which recovery may be sought from the Issuer, under sub-clause 4.1.4, the Relevant Party shall promptly notify the Issuer (although failure to do so will not relieve the Issuer from any liability under this Agreement). If any such allegation is made, the parties agree to consult in good faith with respect to the nature of the allegation. Subject to sub-clause 4.1.6 below, the Issuer may participate at its own expense in the defence of any action.

4.1.6 If it so elects within a reasonable time after receipt of the notice referred to in sub-clause 4.1.5 above, the Issuer may assume the defence of the action with legal advisers chosen by it and approved by the Relevant Party (such approval not to be unreasonably withheld or delayed). Notwithstanding such election a Relevant Party may employ separate legal advisers reasonably acceptable to the Issuer and the Issuer shall bear the reasonable fees and expenses of such separate legal advisers if:

- (a) the use of the legal advisers chosen by the Issuer to represent the Relevant Party would present such legal advisers with a conflict of interest;
- (b) the actual or potential defendants in, or targets of, any such action include both the Relevant Party and the Issuer and the Relevant Party concludes that there may be legal defences available to it and/or other Relevant

Parties which are different from or additional to those available to the Issuer;

- (c) the Issuer has not employed legal advisers reasonably satisfactory to the Relevant Party to represent the Relevant Party within a reasonable time after notice of the institution of such action; or
- (d) the Issuer authorises the Relevant Party to employ separate legal advisers at the expense of the Issuer.

4.1.7 If the Issuer assumes the defence of the action, the Issuer shall not be liable for any fees and expenses of legal advisers of the Relevant Party incurred thereafter in connection with the action, except as stated in sub-clause 4.1.6 above.

4.1.8 The Issuer shall not be liable in respect of any settlement of any action effected without its written consent, such consent not to be unreasonably withheld or delayed. The Issuer shall not, without the prior written consent of the Relevant Party (such consent not to be unreasonably withheld or delayed) settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or action in respect of which recovery may be sought (whether or not any Relevant Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each Relevant Party from all liability arising out of such claim or action and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of a Relevant Party.

4.1.9 Expenses, stamp duties, amendments: the Issuer will:

- (a) Arranger's expenses: pay, or reimburse the Arranger for, all reasonable out of pocket costs and expenses (including United Kingdom value added tax and any other taxes or duties thereon and fees and disbursements of counsel to the Arranger) incurred by the Arranger in connection with the preparation, negotiation, printing, execution and delivery of this Agreement and all documents contemplated by this Agreement;
- (b) Dealers' expenses: pay, or reimburse each Dealer for, all reasonable out of pocket costs and expenses (including United Kingdom value added tax and any other taxes or duties thereon and fees and disbursements of counsel to such Dealer) incurred by such Dealer in connection with the enforcement or protection of its rights under this Agreement and all documents contemplated by this Agreement;

(c) Stamp duties: pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which may be payable upon or in connection with the creation and issue of the Notes and the execution, delivery and performance of the Agreements and the Issuer shall indemnify each Dealer against any claim, demand, action, liability, damages, cost, loss or reasonable expense (including, without limitation, legal fees and any applicable value added tax) which it may incur as a result or arising out of or in relation to any failure to pay or delay in paying any of the same;

- (d) Amendments: notify each Dealer of any change in the identity of or the offices of the Issue Agent and/or any Paying Agent and any material change or amendment to or termination of the Agency Agreement or the Deed of Covenant not later than ten days prior to the making of any such change or amendment or such termination; and it will not permit to become effective any such change, amendment or termination which could reasonably be expected to affect adversely the interests of any Dealer or the holder of any Notes then outstanding;

4.1.10 Yen Notes

- (a) Subject to sub-clause 4.1.11(b) below, the Issuer will in respect of Yen Notes comply with any applicable laws, regulations and guidelines of Japanese governmental and regulatory authorities relevant in the context of the issue of Yen Notes, as amended from time to time, and shall submit (or procure the submission on its behalf of) such reports or information as may be required for compliance with such laws, regulations and guidelines from time to time.

- (b) Yen Notes may be offered or sold in circumstances which would not be so permissible at the date of this Agreement if permitted by any change or amendment which is made after the date of this Agreement in such rules, regulations and guidelines or in such laws or directives as are applicable to Yen Notes from time to time.

4.1.11 United Kingdom

- (a) No deposit taking: in respect of any tranche of Notes which must be redeemed before the first anniversary of the date of its issue, the Issuer will issue Notes only if the following conditions apply (or the Notes can otherwise be issued without contravention of Section 19 of the FSMA):
- (b) Selling restrictions: the Dealer represents, warrants and agrees in the terms set out in sub-clause 3 of Schedule 2; and
- (c) Minimum denomination: the redemption value of each Note is not less than (pound)100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than Sterling), and no part of any Note may be transferred unless the redemption value of that part is not less than (pound)100,000 (or such an equivalent amount); and
- (d) Minimum denomination in U.S.\$: the redemption value of each Note is not less than U.S.\$500,000 in accordance with U.S. tax laws; and

4.1.12 The Issuer shall not do anything which is inconsistent with Schedule 2 of this Agreement.

4.2 Compliance

The Issuer shall take such steps (in conjunction with the Dealer(s), where appropriate) to ensure that any laws and regulations or requirements of any governmental agency, authority or institution which may from time to time be applicable to any Note shall be fully observed and complied with and in particular (but without limitation) neither the Issuer, nor any of its affiliates nor any person acting on its or its affiliates behalf have engaged or will engage in any directed selling efforts with respect to the Notes and it and its affiliates have complied and will comply with the offering restrictions requirement of Regulation S. Terms used in this Clause have the meanings given to them by Regulation S under the Securities Act.

4.3 Selling restrictions

The Dealer represents, covenants and agrees that it has complied with and will comply with the selling restrictions set out in Schedule 2 and this Agreement. Subject to compliance with those restrictions, each Dealer is hereby authorised by the Issuer to circulate the Disclosure Documents to purchasers or potential purchasers of the Notes.

4.4 Dealers' obligations several

Should there be more than one Dealer party to this Agreement, the obligations of each Dealer contained in this Agreement are several.

4.5 Status of Arranger

The Dealer agrees that the Arranger has only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Programme and has no responsibility to it for (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Information Memorandum, this Agreement or any information provided in connection with the Programme or (b) the nature and suitability to it of all legal, tax and accounting matters and all documentation in connection with the Programme or any issue of Notes thereunder.

5. CONDITIONS PRECEDENT

5.1 Conditions precedent to first issue

The Issuer agrees to deliver to the Dealer, prior to the first issue of Notes to that Dealer, each of the documents set out in Schedule 1 in form, substance and number satisfactory to the relevant Dealer.

5.2 Conditions precedent to each issue

In relation to each issue of Notes, it shall be a condition precedent to the purchase thereof by any Dealer that (a) the representations and warranties in Clause 3.1 shall be true and correct on each date upon which an agreement for the sale of Notes is made hereunder and on the date on which such Notes are issued and that (b) there is no other material breach of the Issuer's obligations under any of the Agreements or the Notes and (c) there shall have been, between the date upon which an agreement for the issue of Notes is made pursuant to Clause 2.1 and the issue date of the relevant Notes, no downgrading in the rating of any of the Issuer's debt by any of the Rating Agencies or any other relevant rating agency referred to in Clause 4.1.3 above.

5.3 Sterling Definitive Notes

In relation to an issue of Sterling Definitive Notes, it shall be a condition precedent to the purchase thereof by the Dealer that the Issuer supplies to the Dealer, not less than five days prior to the first issue of such Notes to the Dealer confirmation from the Issue Agent that the relevant agreed forms of Definitive Note have been security printed and the same delivered to the Issue Agent.

6. TERMINATION AND APPOINTMENT

6.1 Termination

The Issuer may terminate the appointment of the Dealer, and the Dealer may resign, on not less than ten days' written notice to the relevant Dealer or the Issuer, as the case may be. The Issuer shall promptly inform the other Dealer(s), the Issue Agent and the Paying Agents of any such termination or resignation. The rights and obligations of each party hereto shall not terminate in respect of any rights or obligations accrued or incurred before the date on which such termination takes effect and the provisions of sub clause 4.1.4 (Indemnity), 4.1.6, 4.1.7, 4.1.8 and 4.1.9 (Expenses, stamp duties amendments) shall survive termination of this Agreement and delivery against payment for any of the Notes.

6.2 Additional Dealers

Nothing in this Agreement shall prevent the Issuer from appointing one or more additional Dealers upon the terms of this Agreement provided that any additional Dealer shall have first confirmed acceptance of its appointment upon such terms in writing to the Issuer in substantially the form of the letter set out in Schedule 5, whereupon it shall become a party to this Agreement vested with all the authority, rights, powers, duties and obligations as if originally named as a Dealer hereunder. The Issuer shall promptly inform the other Dealer(s), the Issue Agent and the Paying Agents of any such appointment. The Issuer hereby agrees to supply to such additional Dealer, upon such appointment, such legal opinions as are specified in paragraph 6 of Schedule 1, if requested, or reliance letters in respect thereof.

7. NOTICES

7.1 Written Communication

Any communication to be made under this Agreement shall be made in writing and, unless otherwise agreed, be made by fax, letter or by telephone (to be confirmed promptly by fax or letter).

7.2 Delivery

7.2.1 Any communication by letter shall be made to the intended recipient and marked for the attention of the person, or any one of them, at its relevant address and shall be deemed to have been made upon delivery.

7.2.2 Any communication to be made by fax shall be made to the intended recipient and marked for the attention of the person, or any one of them, at its relevant fax number and shall be deemed to have been received when that fax communication has been received by the intended recipient in legible form.

7.2.3 Any communication to be made by telephone shall be made to the intended recipient at the relevant telephone number from time to time designated by that party to the other parties for the purpose of this Agreement and shall be deemed to have been received when made provided that prompt confirmation of that

communication is given by fax or letter.

7.3 Contact details

For purposes of Clause 7.2, the relevant contact details of each party to this Agreement shall be as set out in the Programme Summary, or as otherwise notified by any party to each other party to this Agreement.

7.4 Receipt

7.4.1 A communication given under this Agreement but received on a non-Business Day or after business hours in the place of receipt will only be deemed to be given on the next Business Day in that place.

7.4.2 A communication under this Agreement to the Dealer will only be effective on actual receipt by the Dealer.

7.5 Language

7.5.1 Any notice given in connection with the Agreements or Note must be in English.

7.5.2 Any other document provided in connection with the Agreements or Note must be:

- (a) in English; or
- (b) if not in English, (unless the Dealer otherwise agrees) accompanied by a certified English translation. In this case, the English translation prevails unless the document is a constitutional, statutory or other official document.

7.6 Electronic communication

7.6.1 Any communication to be made between parties to this Agreement under or in connection with the Agreements may be made by electronic mail or other electronic means if the relevant parties:

- (a) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (b) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
- (c) notify each other of any change to their address or any other such information supplied by them.

7.6.2 Any electronic communication made between those parties will be effective only when actually received in readable form at the correct address.

8. ASSIGNMENT

If, at any time, any Dealer shall transfer all or substantially all of its Euro-commercial paper business to any affiliate then, on the date such transfer becomes effective, such affiliate shall become the successor to the relevant Dealer under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto so that the Issuer and such affiliate shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form (the relevant changes having been made) of this Agreement. After the said effective date all references in this Agreement to the relevant Dealer shall be deemed to be references to such affiliate. The relevant Dealer shall, as soon as reasonably practicable, give notice of any such transfer to the Issuer. In this Clause 8, "affiliate" means, in relation to any person, any entity controlled, directly or indirectly, by such person, any entity that controls, directly or indirectly, such person, or any entity under common control with such person. For this purpose "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

9. THIRD PARTY RIGHTS

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this

Agreement.

10. LAW AND JURISDICTION

10.1 Governing law

This Agreement and all matters arising from or connected with it are governed by, and shall be construed in accordance with, English law.

10.2 English courts

The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute"), arising from or connected with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) or the consequences of its nullity.

10.3 Appropriate forum

The parties agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

10.4 Rights of the Dealer to take proceedings outside England

Clause 10.2 (English courts) is for the benefit of the Dealer only. As a result, nothing in this Clause 10 (Law and jurisdiction) prevents the Dealer from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, the Dealer may take concurrent Proceedings in any number of jurisdictions.

10.5 Process agent

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to DENTSPLY Limited at Hamm Moor Lane, Addlestone, Weybridge, Surrey, KT15 2SE or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Dealer addressed and delivered to the Issuer appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Dealer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer. Nothing in this paragraph shall affect the right of any Dealer to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

10.6 Waiver of immunity

Without waiving any legitimate defense to any claim, the Issuer irrevocably and unconditionally:

10.6.1 agrees not to claim any immunity from proceedings brought by a Dealer against it in relation to Agreements or a Note and to ensure that no such claim is made on its behalf;

10.6.2 consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

10.6.3 waives all rights of immunity in respect of it or its assets.

10.7 Waiver of trial by jury

EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH ANY PROGRAMME AGREEMENT OR NOTE OR ANY TRANSACTION CONTEMPLATED BY ANY PROGRAMME AGREEMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO TRIAL BY COURT.

11. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which when taken together shall constitute a single agreement.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first before written.

CONDITION PRECEDENT DOCUMENTS

1. Certified copies of the Issuer's constituting documents.
2. Certified copies of all documents evidencing the internal authorisations and approvals required to be granted by the Issuer in connection with the Programme.
3. Certified copies of any governmental or other consents and any filings required in connection with the Programme;
4. Certified or conformed copies of:
 - (a) the Dealer Agreement, as executed;
 - (b) the Agency Agreement, as executed; and
 - (c) the Deed of Covenant, as executed.
5. A copy of confirmation that the Deed of Covenant has been delivered to the Issue Agent.
6. Legal opinions from:
 - (a) Legal Adviser(s) acceptable to the Dealer(s) qualified in the law of the jurisdiction of incorporation of the Issuer; and
 - (b) Legal Adviser(s) as to the laws of England acceptable to the Dealer(s);
 - (c) Legal adviser(s), acceptable to the Dealer(s) as to the federal tax laws of the United States of America.
7. The Information Memorandum.
8. A list of the names, titles and specimen signatures of the persons authorised:
 - (a) to sign on behalf of the Issuer this Agreement, the Deed of Covenant, the Agency Agreement and the Notes;
 - (b) to sign on behalf of the Issuer all notices and other documents to be delivered in connection therewith; and
 - (c) to take any other action on behalf of the Issuer in relation to the Programme.
9. Confirmation from the Issuer or the Issue Agent that the relevant forms of Global Note have been prepared and the same delivered to the Issue Agent.
10. Confirmation that the Rating Agencies have granted ratings for the Programme.

SCHEDULE 2

SELLING RESTRICTIONS

1. General

By its purchase and acceptance of Notes issued under this Agreement, each Dealer represents, warrants and agrees that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver Notes; and that it will not directly or indirectly offer, sell, resell, reoffer or deliver Notes or distribute any Disclosure Document, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

2. The United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer represents and agrees that it has offered and sold, and will offer and sell, Notes only outside the United States to non U.S. persons in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer represents and agrees that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer also agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition:

- (a) each Dealer represents and agrees that at any time (i) it has not offered or sold, and will not offer or sell, Notes to a person who is within the United States or its possessions, or to a United States person, and (ii) it has not delivered and will not deliver selling materials or Notes within the United States or its possessions, except to the extent such offer, sale or delivery would be permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the "D Rules");
- (b) each Dealer represents and agrees that at any time it has and will continue to have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that at any time such Notes may not be offered or sold to a person who is within the United States or its possessions or to a United States person, except to the extent such offer or delivery would be permitted under the D Rules;
- (c) each Dealer that is a United States person represents and agrees that at any time it is acquiring the Notes for purposes of resale outside of the United States in connection with their original issuance and if it retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6);
- (d) each Dealer represents and agrees that, in connection with the sale of the Notes it will not deliver the Notes in definitive form within the United States or its possessions at any time; and
- (e) with respect to each affiliate that acquires Notes from a Dealer for the purposes of offering or selling such Notes, such Dealer repeats and confirms the representation and

agreements contained in paragraphs (a), (b), (c) and (d) on such affiliate's behalf.

3. The United Kingdom

In relation to each issue of Notes, the Dealer purchasing such Notes represents, warrants and undertakes to the Issuer that:

3.1 No deposit-taking: in relation to any Notes having a maturity of less than one year from the date of issue:

3.1.1 it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business;

3.1.2 it has not offered or sold and will not offer or sell any such Notes other than to persons:

(a) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(b) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

3.2 Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

3.3 General compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

4. Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer undertakes that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person expect under circumstances which will result in compliance with the Securities and Exchange Law of Japan and any other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

SCHEDULE 3

PROGRAMME SUMMARY

Issuer
DENTSPLY International Inc.
Address: 221 West Philadelphia Street
York
Pennsylvania 17405-0872

Telephone: + (717) 849 4262
Fax: + (717) 849 4486
Contact: Treasurer

Arranger and Dealer
Citibank International plc
Address: Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Telephone: + 44 20 7986 9070
Fax: + 44 20 7986 6837
Contact: Short-Term Fixed Income Desk

Issue and Paying Agent
Citibank, N.A.

Address: Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
Telephone: + 44 20 7508 3826
Fax: + 44 20 7508 3884
Contact: Agency and Trust

Maximum Amount:
U.S. \$250,000,000

Denominations:
U.S.\$500,000
Euro500,000
GBP500,000
JPY100,000,000
CHF 500,000
(or other conventionally
accepted denominations
in other currencies
provided that the Dollar
Equivalent of any Note
must be at least
U.S.\$500,000 on the
issue date as determined
at the spot rate on such
date)

Governing Law:

Agreements: English Exchangeable Global Notes with Definitive Notes
available on default or in certain other limited
circumstances Sterling Definitive Notes
Notes: English Notes may be issued at a discount to face value, may
bear interest or may be Index Linked Notes (other than
an Index which is not based on the value of property
that is actively traded or which is based on real
estate).

Form of Notes:

Minimum Term:
Seven days (or such shorter period as may be agreed
between the Issuer, the relevant Dealer and the Issue
Agent)

Maximum Term:
183 days

Clearing Systems:
Euroclear

Euroclear, France

Clearstream, Luxembourg

Selling Restrictions:
United Kingdom

U.S.A.

Japan

Agent for Service of Process:

Dentsply Limited

Address: Hamm Moor Lane
Addlestone
Weybridge
Surrey KT15 2SE
Telephone: + 44 (0) 1932 853 422
Fax: + 44 (0) 1932 828 887
Contact: General Manager

SCHEDULE 4

INCREASE OF MAXIMUM AMOUNT

[Letterhead of Issuer]

[Date]

To: Citibank International plc
Citibank, N.A. (as Issue Agent and Principal Paying Agent)

Dear Sirs

U.S.\$250,000,000 Euro-commercial paper programme

We refer to a dealer agreement dated 26 October 2006 (the "Dealer Agreement") between ourselves as Issuer, the Arranger and the Dealer party thereto relating to a U.S.\$250,000,000 Euro-commercial paper programme (the "Programme"). Terms used in the Dealer Agreement shall have the same meaning in this letter.

In accordance with Clause 2.5 of the Dealer Agreement, we hereby notify each of the addressees listed above that the Maximum Amount of the Programme is to be increased from U.S.\$[o] to U.S.\$[o] with effect from [date], subject to delivery of the following documents:

- (a) an updated or supplemental Information Memorandum reflecting the increase in the Maximum Amount of the Programme.
- (b) certified copies of all documents evidencing the internal authorisations and approvals required to be granted by the Issuer for such increase in the Maximum Amount;
- (c) certified copies of [specify any governmental or other consents required by the Issuer for such increase];
- (d) legal opinions from (i) legal advisers acceptable to the Dealer qualified in the law of the jurisdiction of incorporation of the Issuer and (ii) Clifford Chance LLP as to the laws of England relating to such increase;
- (e) a list of names, titles and specimen signatures of the persons authorised to sign on behalf of the Issuer all notices and other documents to be delivered in connection with such an increase in the Maximum Amount; and
- (f) written confirmation that the Rating Agencies are maintaining their current ratings for the Programme.

From the date on which such increase in the Maximum Amount becomes effective, all references in the Dealer Agreement to the Maximum Amount or the amount of the Programme shall be construed as references to the increased Maximum Amount as specified herein.Yours faithfully

.....
for and on behalf of
DENTSPLY International Inc.

SCHEDULE 5

APPOINTMENT OF NEW DEALER

[Letterhead of Issuer]

[Date]

To: [Name of new Dealer]

Dear Sirs

U.S.\$250,000,000 Euro-commercial paper programme

We refer to a dealer agreement dated 26 October 2006 (the "Dealer Agreement") between ourselves as Issuer, the Arranger and the Dealer party thereto relating to a U.S.\$250,000,000 Euro-commercial paper programme (the "Programme"). Terms used in the Dealer Agreement shall have the same meaning in this letter.

In accordance with Clause 6.2 of the Dealer Agreement, we hereby appoint you as an additional dealer for the Programme upon the terms of the Dealer Agreement with [immediate effect/effect from [date]]. Please confirm acceptance of your appointment upon such terms by signing and returning to us the enclosed copy of this letter, whereupon you will, in accordance with Clause 6.2 of the Dealer Agreement, become a party to the Dealer Agreement vested with all the authority, rights, powers, duties and obligations as if originally named as a Dealer thereunder.

Yours faithfully

.....
for and on behalf of
DENTSPLY International Inc.

[On copy]

We hereby confirm acceptance of our appointment as a Dealer upon the terms of the Dealer Agreement referred to above. For the purposes of Clause 7 (Notices), our contact details are as follows:

[Name of Dealer]

Address: []

Telephone: []

Fax: []

Telex: []

Contact: []

Dated:

Signed:
for [Name of new Dealer]

SCHEDULE 6

FORM OF CALCULATION AGENCY AGREEMENT

THIS AGREEMENT is made on [date]

BETWEEN

- (1) DENTSPLY INTERNATIONAL INC. (the "Issuer"); and
- (2) [], as the calculation agent appointed pursuant to Clause 6 hereof (the "Calculation Agent", which expression shall include any successor thereto).

WHEREAS:

- (A) Under a dealer agreement (as amended, supplemented and/or restated from time to time, the "Dealer Agreement") dated 26 October 2006 and made between the Issuer, the Arranger and the Dealer(s) referred to therein, and an issue agency agreement (as amended, supplemented and/or restated from time to time, the "Agency Agreement") dated 26 October 2006 and made between the Issuer and the agents referred to therein, the Issuer established a Euro-commercial paper programme (the "Programme").
- (B) The Dealer Agreement contemplates, among other things, the issue under the Programme of index linked notes and provides for the appointment of calculation agents in relation thereto. Each such calculation agent's appointment shall be on substantially the terms and subject to the conditions of this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

Terms not expressly defined herein shall have the meanings given to them in the Dealer Agreement or the Agency Agreement.

1.2 Legislation

Any reference in this Agreement to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

1.3 Index Linked Notes

"Relevant Index Linked Notes" means such Index Linked Notes in respect of which the Calculation Agent is appointed.

2. APPOINTMENT OF CALCULATION AGENT

The Issuer appoints the Calculation Agent as its agent for the purpose of calculating the redemption amount and/or, if applicable, the amount of interest in respect of the Relevant Index Linked Notes upon the terms and subject to the conditions of this Agreement. The Calculation Agent accepts such appointment.

3. DETERMINATION AND NOTIFICATION

3.1 Determination

The Calculation Agent shall determine the redemption amount of, and/or, if applicable, the amount of interest payable on, each Relevant Index Linked Note in accordance with the redemption calculation applicable thereto.

3.2 Notification

The Calculation Agent shall as soon as it has made its determination as provided for in Clause 3.1 above (and, in any event, no later than the close of business on the date on which the determination is made) notify the Issuer and the Principal Paying Agent (if other than the Calculation Agent) of the redemption amount and/or, if applicable, the amount of interest so payable.

4. STAMP DUTIES

The Issuer will pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) payable in connection with the execution, delivery and performance of this Agreement.

5. INDEMNITY AND LIABILITY

5.1 Indemnity

The Issuer shall indemnify and hold harmless on demand the Calculation Agent against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it may incur arising out of, in connection with or based upon the exercise of its powers and duties as Calculation Agent under this Agreement, except such as may result from its own negligence or bad faith or that of its officers, employees or agents.

5.2 Liability

The Calculation Agent may consult as to legal matters with lawyers selected by it, who may be employees of, or lawyers to, the Issuer. If such consultation is made, the Calculation Agent shall be protected and shall incur no liability for action taken or not taken by it as Calculation Agent or suffered to be taken with respect to such matters in good faith, without negligence and in accordance with the opinion of such lawyers.

6. CONDITIONS OF APPOINTMENT

The Calculation Agent and the Issuer agree that its appointment will be subject to the following conditions:

- (a) No obligations: in acting under this Agreement, the Calculation Agent shall act as an independent expert and shall not assume any obligations towards or relationship of agency or trust for the Issuer or the owner or holder of any of the Relevant Index Linked Notes or any interest therein;
- (b) Notices: unless otherwise specifically provided in this Agreement, any order, certificate, notice, request, direction or other communication from the Issuer made or given under any provision of this Agreement shall be sufficient if signed or purported to be signed by a duly authorised employee of the Issuer;
- (c) Duties: the Calculation Agent shall be obliged to perform only those duties which are set out in this Agreement and in the redemption calculation relating to the Relevant Index Linked Notes;
- (d) Ownership, interest: the Calculation Agent and its officers and employees, in its individual or any other capacity, may become the owner of, or acquire any interest in, any Relevant Index Linked Notes with the same rights that the Calculation Agent would have if it were not the Calculation Agent hereunder; and
- (e) Calculations and determinations: all calculations and determinations made pursuant to this Agreement by the Calculation Agent shall (save in the case of manifest error) be binding on the Issuer, the Calculation Agent and (if other than the Calculation Agent) the holder(s) of the Relevant Index Linked Notes and no liability to such holder(s) shall attach to the Calculation Agent in connection with the exercise by the Calculation Agent of its powers, duties or discretion under or in respect of the Relevant Index Linked Notes in accordance with the provisions of this Agreement.

7. ALTERNATIVE APPOINTMENT

If, for any reason, the Calculation Agent ceases to act as such or fails to comply with its obligations under Clause 3, the Issuer shall appoint the Principal Paying Agent as calculation agent in respect of the Relevant Index Linked Notes.

8. THIRD PARTY RIGHTS

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this

Agreement.

9. LAW AND JURISDICTION

9.1 Governing law

This Agreement is governed by, and shall be construed in accordance with, English law.

9.2 Jurisdiction

The Issuer agrees for the benefit of the Calculation Agent that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement (respectively, "Proceedings" and "Disputes") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

9.3 Appropriate forum

The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

9.4 Process agent

The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to DENTSPLY Limited at Hamm Moor Lane, Addlestone, Weybridge, Surrey, KT15 2SE or, if different, its registered office for the time being. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the shall, on the written demand of the Calculation Agent addressed to the Issuer and delivered to the Issuer appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Calculation Agent shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer. Nothing in this paragraph shall affect the right of the Calculation Agent to serve process in any other manner permitted by law.

11.2 Waiver of immunity

Without waiving any legitimate defense to any claim, the Issuer irrevocably and unconditionally:

11.2.1 agrees not to claim any immunity from proceedings brought by the Calculation Agent against it in relation to this Agreement and to ensure that no such claim is made on its behalf;

11.2.2 consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

11.2.3 waives all rights of immunity in respect of it or its assets.

11.3 Waiver of trial by jury

EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH ANY PROGRAMME AGREEMENT OR NOTE OR ANY TRANSACTION CONTEMPLATED BY ANY PROGRAMME AGREEMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO TRIAL BY COURT.

10. PARTIAL INVALIDITY

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

11. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which when taken together shall constitute a single agreement.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first before written.

DENTSPLY INTERNATIONAL INC.

By:

[NAME OF CALCULATION AGENT]

By:]

Signature Page

The Issuer

DENTSPLY INTERNATIONAL INC.

By:

The Arranger and Dealer

CITIBANK INTERNATIONAL plc

By:

**DENTSPLY INTERNATIONAL INC.
RESTRICTED STOCK UNIT DEFERRAL PLAN**

ARTICLE 1

Purposes

The purpose of this Restricted Stock Unit Deferral Plan is to provide certain officers and directors of DENTSPLY INTERNATIONAL INC.(the "Company") the opportunity to defer the receipt of shares of Common Stock otherwise issued upon the vesting of Restricted Stock Units granted to such officers and directors under the 2002 Dentsply International Inc. Amended & Restated Equity Incentive Plan (the "Equity Plan"). All capitalized terms used in the Plan shall have the meanings set forth in Article 2.

ARTICLE 2

Definitions

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means the common stock of the Company, par value \$0.01.

"Company" means DENTSPLY International Inc., a Delaware corporation.

"Deferral Account" means a bookkeeping account in the name of a Participant maintained pursuant to Article 6.

"Deferral Election" means an election by a Participant, in accordance with Article 5, to defer the receipt of shares of Common Stock otherwise issued to such Participant upon the vesting of Restricted Stock Units held by such Participant.

"Deferred Stock Unit" means a bookkeeping unit credited to a Participant's Deferral Account having a value equal to one share of Common Stock.

"Effective Date" means February 5, 2007.

"Participant" means an eligible executive who makes a Deferral Election under the Plan.

"Plan" means this Restricted Stock Unit Deferral Plan.

"Restricted Stock Units" means restricted stock units granted by the Company under the Equity Plan, each of which represents a right to receive a share of Common Stock upon the satisfaction of applicable vesting conditions.

"Settlement Date" shall have the meaning set forth in Section 7.1.

“Termination Date” means the date on which a Participant ceases service as an employee of the Company or any of its subsidiaries.

ARTICLE 3
Administration

The Plan shall be administered by the Human Resources Committee of the Board (the “Committee”). The Committee shall interpret the Plan and the application thereof, and establish rules and regulations it deems necessary or desirable for the administration of the Plan. All such interpretations, rules and regulations shall be final, binding and conclusive..

ARTICLE 4
Eligibility

Each executive of the Company or any of its subsidiaries who holds a position in Grant Tiers 1-7 in 2007 (and similar positions if the Tier designations change) in the Committee’s administration of the Equity Plan may elect to participate in the Plan by submitting a Deferral Election in accordance with Article 5.

ARTICLE 5
Deferral of Awards

Not later than the earlier to occur of (i) 30 days after the date on which a Restricted Stock Unit award is granted to a Participant and (ii) 12 months prior to the first date on which any of the Restricted Stock Units subject to such award are scheduled to vest, such Participant may elect, in the form and manner prescribed by the Company, to defer the receipt of the shares of Common Stock subject to such award to a date subsequent to the date on which such Restricted Stock Units become vested, as follows:

- a) Participants will have the option to defer all or part of each RSU award for a period of one year, three years, five years, or until retirement or Termination Date. Such deferral election will apply to the entire portion of the RSU that is deferred, i.e. a deferral cannot be split into multiple future distribution dates.
- b) The deferral period begins upon vesting.
- c) All deferrals are irrevocable.
- d) A separate election must be submitted with respect to each Restricted Stock Unit award granted to and deferred by a Participant.

ARTICLE 6
Deferral Accounts

Section 6.1. Deferral Account. A Deferral Account shall be established and maintained by the Company on behalf of each Participant who submits a Deferral Election in accordance with Article 5. Upon the vesting of each Restricted Stock Unit that is subject to a Participant’s Deferral Election, such Participant’s Deferral Account shall be credited with a fully vested and

nonforfeitable Deferred Stock Unit. To the extent that Restricted Stock Units held by a Participant are forfeited, any Deferral Election with respect to such Restricted Stock Units shall terminate and have no effect. If the Company shall pay a dividend on shares of Common Stock that are issued and outstanding, an amount equal to the amount of the dividend payable on each share of Common Stock multiplied by the number of Deferred Stock Units credited to each Participant's Deferral Account as of the record date for such dividend shall be credited to such Participant's Deferral Account and be deemed invested in additional whole or partial Deferred Stock Units.

ARTICLE 7

Distribution of Deferred Share Units

Section 7.1. Time of Distribution. Distribution of deferred accounts will be made within thirty (30) days of the expiration of the applicable deferral period (the "Settlement Date"); provided that if Participant has deferred until his or her Termination Date, such payment shall be made as soon as practicable after the six-month anniversary of the Participant's Termination Date.

Section 7.2. Form of Payment. The payment with respect to Deferred Stock Units shall be in whole shares of Common Stock, and any fractional shares shall be paid in cash.

ARTICLE 8

Payment Upon Death of a Participant

Section 8.1. Payment to Beneficiary. In the event a Participant dies before all Deferred Stock Units credited to his or her Deferral Account have been paid, payment of the remainder of the Participant's Deferral Account shall be paid to the Participant's beneficiary in a single lump sum payment as soon as administratively practicable after the date of the Participant's death.

ARTICLE 9

General

Section 9.1. Relationship to Equity Plan. Restricted Stock Unit awards, including any such awards that are deferred hereunder, shall be subject to the terms and conditions of the Equity Plan under which such awards are granted, and the applicable award agreement thereunder.

Section 9.2. Tax Withholding. As a condition precedent to the receipt of any shares of Common Stock or other payment pursuant to the Plan, the Participant shall pay to the Company, at such times as the Company shall determine, such amounts as the Company shall deem necessary to satisfy any withholding taxes due on income that the Participant recognizes as a result of the payment of the Deferred Share Units. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company, its affiliates and subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participant.

Section 9.3. Effective Date; Termination. This Plan shall be effective as of the Effective Date. The Committee may terminate this Plan at any time. Termination of this Plan shall not affect the payment of any amounts credited to a Participant's Deferral Account.

Section 9.4. Amendments. The Committee may amend this Plan as it shall deem advisable, subject to any requirements of applicable law, rule or regulation.

Section 9.5. Non-Transferability of Benefits. No benefit payable at any time under the Plan may be assigned, alienated, pledged or transferred except, in the event of a Participant's death, to his beneficiary.

Section 9.6. Adjustment. The number of Deferred Stock Units credited to a Participant's Deferral Account shall be subject to adjustment in accordance with the terms of the Equity Plan.

Section 9.7. Compliance with Section 409A of Code. This Plan is intended to comply with the provisions of section 409A of the Code, and shall be interpreted and construed accordingly. In the event that, notwithstanding such intention, the Plan or any provision thereof fails to meet the requirements of Section 409A of the Code and the regulations promulgated thereunder, then the Company or the Committee may permit the acceleration of the time for distribution of shares hereunder, notwithstanding any of the other provisions of the Plan, but any such accelerated payout may not exceed the amount required to be included in the Participant's income as a result of the failure to comply with the requirements of Section 409A and the regulations promulgated thereunder. For purposes of this provision, an amount will be deemed to have been included in a Participant's income if the amount is timely reported on Form W-2 or Form 1099-MISC, as appropriate.

Section 9.8. Governing Law. This Plan and all determinations made and actions taken pursuant thereto shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

EMPLOYMENT AGREEMENT

BETWEEN

DENTSPLY INTERNATIONAL INC.

AND

RACHEL P. MCKINNEY

THIS AGREEMENT is entered into as of December 25, 2005, by and between DENTSPLY International Inc., a Delaware corporation (the "Company") and Rachel P. McKinney, ("Employee").

WHEREAS, it is in the best interest of the Company and Employee that the terms and conditions of Employee's services be formally set forth:

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto, it is hereby agreed as follows:

1. Services

1.1 The Company shall employ Employee and Employee accepts such employment and agrees to serve as a Senior Vice President of the Company, responsible for the Worldwide Human Resources function of the Company, effective as of the above stated date stated below, and, if elected thereto, as an officer or director of any Affiliate, for the term and on the conditions herein set forth. Employee shall be responsible for the activities and duties presently associated with this position. Employee shall perform such other services as shall from time to time be assigned to her by the Board of Directors, the Chief Executive Officer, or the President of the Company depending on the needs and demands of the business and the availability of other personnel, provided that such services shall generally be similar in level of position as those described above. Employee's services shall be performed at a location suitable for the performance of the Employee's assigned duties.

1.2 Employee shall at all times devote her full business time and efforts to the performance of her duties and to promote the best interests of the Company and its Affiliates.

2. Period of Employment Employment as Senior Vice President hereunder shall begin and continue from the above date, and terminate on the happening of any of the following events:

2.1 Death The date of death of Employee;

2.2 Termination by Employee Without Good Reason The date specified in a written notice of termination given to the Company by Employee not less than 180 days in advance of such specified date, at which date the Employee's obligation to perform services pursuant to this Agreement shall cease.

2.3 Termination by Employee with Good Reason Thirty (30) days following the date of a written notice of termination given to the Company by Employee within thirty (30) days after any one or more of the following events have occurred:

- (a) failure by the Company to maintain the level of responsibility and status of the Employee generally similar to those of Employee's position as of the date of this Agreement, or
- (b) a reduction by the Company in Employee's base salary as in effect as of the date hereof plus all increases thereof subsequent thereto; other than any reduction implemented as part of a formal austerity program approved by the Board of Directors of the Company and applicable to all continuing employees of the Company, provided such reduction does not reduce Employee's salary by a percentage greater than the average reduction in the compensation of all management level employees who continue as employees of the Company during such austerity program; or
- (c) the failure of the Company to maintain and to continue Employee's participation in the Company's benefit plans as in effect from time to time on a

basis substantially equivalent to the participation and benefits of Company employees similarly situated to the Employee; or

- (d) any substantial and uncorrected breach of the Agreement by the Company.

2.4 Termination by the Company Upon written notice of termination given to Employee by the Company, the Employee's obligation to perform services pursuant to this Agreement shall cease as of the date of such notice.

3. Payments by the Company

- 3.1 During the Period of Employment, the Company shall pay to the Employee for all services to be performed by Employee hereunder a salary of not less than \$267,000 per annum, or such larger amount as may from time to time be fixed by the Board of Directors of the Company or, if applicable, by the Human Resources Committee of the Board (or its successor), payable in accordance with the Company's normal pay schedule.
- 3.2 During the Period of Employment, Employee shall be entitled to participate in all plans and other benefits made available by the Company generally to its domestic executive employees, including (without limitation) benefits under any pension, profit sharing, employee stock ownership, stock option, bonus, performance stock appreciation right, management incentive, vacation, disability, annuity, or insurance plans or programs. Any payments to be made to Employee under other provisions of this Section 3 shall not be diminished by any payments made or to be made to Employee or her designees pursuant to any such plan, nor shall any payments to be made to Employee or her designees pursuant to any such plan be diminished by any payment made or to be made to Employee under other provisions of this Section 3.
- 3.3 Upon termination of the Period of Employment for whatever reason, Employee shall be entitled to receive the compensation accrued and unpaid as of the date of her termination. If Employee at the time of termination is eligible to participate in any Company incentive or bonus plan then in effect, Employee shall be entitled to receive a pro-rata share of such incentive or bonus award based upon the number of days she is employed during the plan year up to the date of her termination. Such pro-rata amount shall be calculated in the usual way and paid at the usual time.
- 3.4 If the Period of Employment terminates upon the death of Employee, the Company shall continue payment of her then current salary for a period of 12 months from the date of death, together with her pro-rata share of any incentive or bonus payments due for the period prior to her death, to Employee's designated beneficiary or, if no beneficiary has been effectively designated, then to Employee's estate.
- 3.5 If the Period of Employment is terminated by the Employee under Section 2.3, or by the Company under Section 2.4, the Company shall continue to pay compensation and provide benefits to the employee as provided in this Section 3.5 for a period (the "Termination Period") beginning on the date of the termination notice and ending on the earlier of: (i) the second annual anniversary of the date of such termination notice; or (ii) the date on which the Employee would attain age 65, as follows:
- (a) Compensation shall be paid to the Employee at the rate of salary being paid to Employee under Section 3.1 immediately before the termination;
- (b) Bonus and incentive compensation shall be paid to the Employee in accordance with plans approved by the Board of Directors and similar to those in which the Employee participated at time of termination, using the same formula and calculations as if termination had not occurred. The Employee shall not be entitled to receive any further grants of stock options under any stock option or similar such plan subsequent to the date of termination, but outstanding stock options shall continue to vest during the Termination Period in accordance with the applicable stock option plan;

- (c) Employee shall receive the benefits that would have been accrued by the Employee during the Termination Period from participation by the Employee under any pension, profit sharing, employee stock ownership plan ("KSOP") or similar retirement plan or plans of the Company or any Affiliate in which the Employee participated immediately before the termination, in accordance with the terms of any such plan (or, if not available, in lieu thereof be compensated for such benefits), based on service the Employee would have had during the Termination Period and compensation (and, if applicable, bonus and incentive compensation) as determined under Section (a) (and, if applicable, Subsection (b) above);
- (d) Employee shall receive continued coverage during the Termination Period under all employee disability, annuity, insurance, or other employee welfare benefit plans, programs or arrangements of the Company or any Affiliate in which Employee participated immediately before the notice of termination, plus all improvements subsequent thereto (or, if not available, in lieu thereof be compensated for such coverage); and
- (e) In the event of the death of Employee during the Termination Period, the Company shall continue to make payments under Subsection 3.5(a) for the period that is the lesser of the remainder of the Termination Period or twelve (12) months, and shall pay any bonuses due under Subsection 3.5(b) on a pro-rata basis until the date of Employee's death, to Employee's designated beneficiary or, if no beneficiary has been effectively designated, then to Employee's estate.

Except as provided in Section 3.6, payment of compensation under Subsection 3.5(a) above shall be made at the same time as payments of compensation under Section 3.1, and payments of other benefits under Subsections 3.5(b) and (c) shall be paid at the same time and to the same person as compensation or benefits would have been paid under the plan, program, or arrangement to which they relate (after taking into account any election made by the Employee with respect to payments under such plan, program, or arrangement), and shall be pro-rated for any partial year through the date of expiration of the Termination Period.

3.6 If at any time after a Change of Control the Period of Employment is terminated by the Employee under Section 2.3, or the Company terminates or gives written notice of termination of the Period of Employment to the Employee (regardless of whether in accordance with Section 2.4), then in lieu of the periodic payment of the amounts specified in Subsections 3.5(a), (b), and (c) (except as may be otherwise prohibited by law or by said plans), the Company, at the written election of Employee, shall pay to Employee within five (5) business days of such termination or notice of termination the present value of the amounts specified in Subsections 3.5(a), (b), and (c), discounted at the greatest rate of interest then payable by Mellon Bank (or its successor) on any federally insured savings account into which Employee could deposit such amount and make immediate withdrawals therefrom without penalty, and shall provide for the remainder of the Termination Period, if any, the benefit coverage required by Subsection 3.5(d). Employee shall not be required to mitigate damages payable under this Section 3.6.

3.7 In no event will the Company be obligated to continue Employee's compensation and other benefits under Section 3.5 of this Agreement beyond Employee's sixty-fifth (65th) birthday or if Employee's employment is terminated because of gross negligence or significant willful misconduct (e.g. conviction of misappropriation of corporate assets or serious criminal offense).

4. Non-Competition Agreement During the Period of Employment and for a period of five (5) years after the termination thereof, Employee shall not, without the written consent of the Company, directly or indirectly be employed or retained by, or render any services for, or be financially interested in, any firm or corporation engaged in any business which is competitive with any business in which the Company or any of its Affiliates may have been engaged during the Period of Employment. The foregoing restriction shall not apply to the purchase by Employee of up to 5% of the outstanding shares of capital stock of any corporation whose securities are listed on any national

securities exchange.

5. Loyalty Commitments During and after the Period of Employment: (a) Employee shall not disclose any confidential business information about the affairs of the Company or any of its Affiliates; and (b) Employee shall not, without the prior written consent of the Company, induce or attempt to induce any employee or agency representative of the Company or any Affiliate to leave the employment or representation of the Company or such Affiliate.
6. Separability of Provisions The terms of this Agreement shall be considered to be separable from each other, and in the event any shall be found to be invalid, it shall not affect the validity of the remaining terms.
7. Binding Effect This Agreement shall be binding upon and inure to the benefit of (a) the Company and its successors and assigns, and (b) Employee, her personal representatives, heirs, and legatees.
8. Entire Agreement This Agreement constitutes the entire agreement between the parties and supersedes and revokes all prior oral or written understandings between the parties relating to Employee's employment. The Agreement may not be changed orally but only by a written document signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.
9. Definitions The following terms herein shall (unless otherwise expressly provided) have the following respective meanings:
 - 9.1 "Affiliate" when used with reference to the Company means any corporations, joint ventures, or other business enterprises directly or indirectly controlling, controlled by, or under common control with the Company. For purposes of this definition, "control" means ownership or power to vote 50% or more of the voting stock, venture interests, or other comparable participation in such business enterprises.
 - 9.2 "Period of Employment" means the period commencing on the date hereof and terminating pursuant to Section 2.
 - 9.3 "Beneficiary" means the person or persons designated in writing by Employee to Company.
 - 9.4 "Change of Control" means any event by which (i) an Acquiring Person has become such, or (ii) Continuing Directors cease to comprise a majority of the members of the Board of Directors of the Company or the applicable Parent of the Company (a "Board"). For purposes of this definition:
 - (a) An "Acquiring Person" means any person or group (as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder as in effect on the date of this Agreement (the "Exchange Act") who or which, together with all affiliates and associates (as defined in Rule 12B-2 under the Exchange Act) becomes, by way of any transaction, the beneficial owner of shares of the Company, or such Parent, having 20% or more of (i) the then outstanding shares of Common Stock of the Company, or such Parent, or (ii) the voting power of the then outstanding voting securities of the Company, or such Parent, entitled to vote generally in the election of directors of the Company or such Parent; and
 - (b) "Continuing Director" means any member of the Board of the Company (or a successor thereof), while such person is a member of such Board who is not an Acquiring Person, or an affiliate or associate of an Acquiring Person or a representative of an Acquiring Person or of any such affiliate or associate and who (i) was a member of such Board prior to the date of this Agreement, or (ii) subsequently becomes a member of such Board and whose nomination for election or election to such Board is recommended or approved by a majority of the Continuing Directors or who is included as a nominee in a proxy statement of the Company or the applicable Parent distributed when a majority of such Board consists of Continuing Directors.
 - 9.5 "Parent" means any Affiliate directly or indirectly controlling (within the meaning of Section 9.1) the Company.

10. Notices Where there is provision herein for the delivery of written notice to either of the parties, such notice shall be deemed to have been delivered for the purposes of this Agreement when delivered in person or placed in a sealed, postpaid envelope addressed to such party and mailed by registered mail, return receipt requested to the address set forth below for the Company and the most recent address as may be on the Company records for the Employee:

For Company: DENTSPLY International Inc.
221 West Philadelphia Street
York, PA 17404
Attention: Secretary

11. Arbitration Any controversy arising from or related to this Agreement shall be determined by arbitration in the City of Philadelphia, Pennsylvania, in accordance with the rules of the American Arbitration Association, and judgment upon any such determination or award may be entered in any court having jurisdiction. In the event of any arbitration between Employee and Company related to the Agreement, if employee shall be the successful party, Company will indemnify and reimburse Employee against any reasonable legal fees and expenses incurred in such arbitration.

12. Applicable Law The Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the parties have executed the Agreement on the day and year first above written.

Attest:

DENTSPLY INTERNATIONAL INC.

/s/ Brian M. Addison
Brian M. Addison
Vice President, Secretary and
General Counsel

By: /s/ Bret W. Wise
Bret W. Wise
President & COO

/s/ Rachel P. McKinney
Rachel P. McKinney
Senior Vice President,
Global Human Resources

DENTSPLY
INTERNATIONAL

Amended and Restated Incentive Compensation Plan

DENTSPLY INTERNATIONAL INC.
AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN

I. PURPOSE

To provide greater incentive for key employees to continually exert their best efforts on behalf of the Company by rewarding them for achieving predetermined operating objectives.

To attract and retain in the employ of the Company outstanding results oriented individuals.

To align the interests of such employees with those of the Company's stockholders.

To create a management team effort within the various Profit Centers and operating units of the Company.

II. ADMINISTRATION

The Plan will be administered by, and any question of interpretation under the Plan determined by, the Human Resources Committee ("Human Resources Committee") of the Dentsply International Inc. Board of Directors (the "Board"). The Board or the Human Resources Committee may appoint an Incentive Compensation Plan Committee ("ICP Committee") consisting of management employees to assist in the administration of the Plan.

III. AWARDS

Awards will be determined by the Human Resources Committee, based on criteria determined by such Committee and described in Section VIII hereof, for each applicable year (a "Bonus Year"). Cash payments will be made to participants immediately after the close of corporate books for the applicable Bonus Year but in no case later than March 1st of the year succeeding the applicable Bonus Year. Payments will be rounded up or down to the nearest \$100 equivalent.

IV. PARTICIPANT ELIGIBILITY

A. Profit Centers

1. General Managers
2. Individuals who normally report directly to the General Manager.
3. Individuals' work assignment must have a direct bearing on the profit-ability of the Profit Center.
4. Individual must be recommended for participation by both the General Manager of the Profit Center and the Corporate Officer responsible for the Profit Center and approved by the ICP Committee.

B. Corporate Staff

1. Individuals whose work assignment must have direct bearing on the profitability of the corporation.
2. Officers

3. Individuals who normally report directly to a Corporate Officer.
4. Individual must be recommended for participation by the responsible Corporate Officer and the President and approved by the ICP Committee.

V. ENROLLMENT

The Board will designate the officers who will be participants. General Managers will send their recommendations for participation to the Corporate Officer responsible for the Profit Center or Corporate Staff Department.

Corporate Officers will send recommendations to the ICP Committee and Corporate Human Resources Office who will be charged with monitoring participants in conjunction with the ICP Committee.

VI. VESTING OF BONUS RIGHTS

- A. Those participants who leave the employ of the Company before the end of the Bonus Year for any reason other than normal retirement, death or a bona fide physical or mental disability (as determined by the Human Resources Committee) will receive no bonus payment for the Bonus Year.
- B. Those participants who die or who take normal or early retirement or resign due to a bona fide disability (as determined by the Human Resources Committee) before the end of the Bonus Year will receive a bonus award, to the extent earned for the year, based upon the pro-rata base pay received while actually working during the Bonus Year, which shall be paid when all other awards are paid under the Plan.

VII. PARTICIPANT ADDITIONS OR DELETIONS

Profit Center General Managers or Corporate Officers may remove participants from the Plan at any time during the Bonus Year by following the same procedure outlined in Enrollment. Any participants who are removed from the Plan during a Bonus Year shall have no right to receive payments under the Plan for any portion of such Bonus Year.

Participants may be added during the Bonus Year if they are a direct replacement for someone already enrolled in the Plan or, if they are hired to fill a new position eligible for the Plan, and will be in the qualifying position for at least six months. In this instance the new person will only receive his or her bonus award based on the pro-rata base pay received while enrolled in the Plan.

VIII. PLAN CRITERIA

The Plan centers on each Profit Center's performance as measured against the relevant budget, submitted by Profit Center Management and approved by Corporate Management. For corporate level employees, bonuses will be based on corporate performance measured against the corporate budget.

The actual operating results will be adjusted for major sales or dispositions of assets not in the ordinary course of business and changes in the business or segments of the business which are directed to be carried out by Corporate Management to the extent they were not included in the target.

Base salary is defined as the total of 12 times year-end actual monthly salary received during the Bonus Year or a base salary established by the ICP Committee. It does not include any other compensation that might be received.

Separate bonus calculations will be made for Officers, General Managers, Key Employees and Corporate Staff.

IX. PRINCIPLES FOR HANDLING EXTRAORDINARY ITEMS

The handling of extraordinary items in the calculations of ICP awards shall be in the discretion of the Human Resources Committee, however, it is intended that certain general principles shall guide their approach. The overriding principle is that management is responsible and accountable for results as measured based on a US GAAP basis, consistently applied.

Target is based on GAAP net income, but adjusted for the following matters:

- A. Remove the impact of unbudgeted acquisitions, divestitures (sales, earnings, interest and capital implications) and share repurchases (interest effects).
- B. Remove unbudgeted restructuring expenses or gains (on reversal of reserves), recognizing that these decisions usually benefit future periods.
- C. Remove the impact of significant or extraordinary unbudgeted one time gains or losses, that are either outside the control of management, are not reflective of current operations, or benefit future periods (e.g. severance, refinancing costs, compensation such as acceleration of option expense, litigation).
- D. Impairment charges included in GAAP earnings are generally included in the results for purposes of determining the bonus attainment, unless excluded at the discretion of the Human Resources Committee based on factors such as the passing of several years since investment, aggregate amount, and/or technology obsolescence.

X. HUMAN RESOURCES COMMITTEE

The Human Resource Committee may adjust the mathematical calculation of the ICP bonus in their sole discretion based on their evaluation of business performance.

XI. AMENDMENTS TO THE PLAN

The Board has the right to modify or repeal this Plan entirely at its discretion. However, any bonus payments that have been earned in accordance with, but not yet paid under, this Plan cannot be canceled without consent of the participant.

October 5, 2006

Re: Consent to Assignment

Ladies and Gentlemen:

Bank of America, N.A. ("Bank of America") is in the process of negotiating an Asset Sale Agreement (the "Sale Agreement"), pursuant to which it will sell a portion of its precious metals account portfolio to The Bank of Nova Scotia, a Canadian chartered bank (the "Assignee"). Pursuant to the Sale Agreement, Bank of America will be assigning certain contracts to the Assignee, including the Consignment and Forward Contracts Agreement dated December 20, 2001 between Fleet Precious Metals Inc. and Dentsply International Inc. (the "Agreement") (the "Assignment"). In accordance with the terms of the Agreement, Bank of America is seeking your consent to the Assignment, which consent may not be unreasonably withheld. The form of consent is attached hereto. Please review, sign, and fax the form to my attention at 401-278-3077.

Neither Bank of America nor the Assignee has publicly announced the fact that it is considering the transactions contemplated by the Sale Agreement, and such consideration may be deemed to be material non-public information. Therefore, you hereby agree that you and your representatives will keep the information provided to you with respect to this potential transaction confidential (including the fact that the parties are considering a transaction), and that you and your representatives will only use such information for the purpose of evaluating any consents or waivers to be given by you in connection therewith. Please indicate your agreement to the foregoing by executing this letter in the space indicated below.

Thank you for your assistance with this matter. Please contact me if you have any questions.

Very truly yours,

Bank of America, N.A.

By: /s/ Lawrence Corrente
Name: Lawrence Corrente
Title: Vice President

ACKNOWLEDGED AND AGREED

By: /s/ William E. Reardon
Name: William E. Reardon
Title: Treasurer

By: /s/ Andrew M. Smith
Name: Andrew M. Smith
Title: Assistant Treasurer

CONSENT TO ASSIGNMENT

This Consent to Assignment (the "Consent"), dated as of October 5, 2006, is between Bank of America, N.A. a national banking association ("Bank of America") and Dentsply International Inc. (the "Company").

RECITALS

Reference is made to that certain Asset Sale Agreement (the "Sale Agreement") by and between Bank of America and The Bank of Nova Scotia, a Canadian chartered bank (the "Assignee"), pursuant to which, among other things, Bank of America is assigning specific contracts to Assignee, including the Consignment and Forward Contracts Agreement dated December 20, 2001 between Fleet Precious Metals Inc. and Dentsply International Inc. (the "Agreement") (the "Assignment").

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. The Company hereby consents to the Assignment of the Agreement, and agrees to be bound by the terms of the Agreement with Assignee in the place of Bank of America, in each case effective as of October 6, 2006.

2. The Company accepts the Assignee as Consignor with respect to the Agreement as if the Assignee had been a party to the Agreement in place of Bank of America.
3. Except as provided above, the Agreement shall remain in full force and effect.
4. The Consent shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the parties hereto. This Consent shall be binding on, inure to the benefit of, and be enforceable against, each of the parties hereto, his or its heirs, successors and assigns, as applicable.
5. This Consent shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the conflicts of law provisions thereof.
6. This Consent may be executed in one or more counterparts, including facsimiles thereof, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement, and shall become binding when one or more counterparts have been signed and delivered by each of the parties.

IN WITNESS WHEREOF, the parties hereto have duly executed this Consent as of the date written above.

Bank of America, N.A.
Successor to Fleet Precious Metals Inc.

By: /s/ Lawrence Corrente
Name: Lawrence Corrente
Title: Vice President

ACKNOWLEDGED AND AGREED

By: /s/ William E. Reardon
Name: William E. Reardon
Title: Treasurer

By: /s/ Andrew M. Smith
Name: Andrew M. Smith
Title: Assistant Treasurer

BANK OF AMERICA

October 10, 2006

Mr. Andrew Smith
Treasury & Risk Manager
DENTSPLY International, Inc.
570 West College Avenue
York, PA 17405

Dear Mr. Smith:

I am writing to inform you that we have sold a portfolio of precious metal loans, including your accounts, to The Bank of Nova Scotia, effective October 10, 2006. The Bank of Nova Scotia is one of the premier precious metals lenders in the industry.

We are working on a transition arrangement with The Bank of Nova Scotia to smooth the process for our clients. With that in mind, we expect operational responsibility for the accounts to be transferred over to The Bank of Nova Scotia in a phased manner beginning October 10th. Your client manager at Bank of America will provide on-going updates to you about the timing of the transfer of your accounts and we will continue to service your accounts until the transfer is complete.

It has been our pleasure serving you and we trust you will find The Bank of Nova Scotia to be an outstanding financial partner.

Sincerely,

Maureen S. Walsh
Senior Vice President
Bank of America Precious Metals

GERMAN SECURITY AGREEMENT

as between

ABN AMRO BANK N.V., AUSTRALIAN BRANCH
(hereinafter "Lender")

and

DENTSPLY INTERNATIONAL INC.
(hereinafter "Debtor")

and

DEGUSSA DENTAL GMBH & CO KG
(hereinafter "Degussa")

and

CERAMCO, INC.
(hereinafter "Ceramco")

and

ELEPHANT DENTAL B.V.
(hereinafter "Elephant")

dated as of
_____, 2005

1. Preamble

Whereas the Lender and the Debtor have entered into a certain Consignment Agreement as of today's date.

Whereas the Lender and the Debtor are also, among other parties, parties to a certain Intercreditor and Collateral Sharing Agreement;

Whereas pursuant to the Consignment Agreement the Lender has undertaken to consign and deliver certain volumes of Precious Metal (as such term is defined in the Consignment Agreement) to Debtor (hereinafter the "Lender Precious Metal") and whereas the Debtor is allowed to use such Lender Precious Metal in the ordinary course of its business and in particular to consign it to Degussa, Ceramco, and Elephant (hereinafter together referred to the "Dentsply Subsidiaries").

Whereas fulfilment by the Debtor of its obligations under the Consignment Agreement shall be secured, inter alia, by (i) a retention of title by the Lender of the Lender Precious Metal and (ii) an assignment by the Debtor to the Lender of certain receivables.

Whereas it is the Lender's intention to further reinforce this retention of title by way of this Security Agreement and whereas the Debtor is willing to enter into this Security Agreement;

Now, theretofore, for good and valid consideration the receipt of which is hereby acknowledged the parties hereto agree as follows:

2. Retention of Title; Joint Ownership

2.1 Title to any Lender Precious Metal shall remain with and vested in the Lender until such time when all of the Obligations (as such term is defined in the Consignment Agreement) have been repaid by the Debtor (erweiterter Eigentumsvorbehalt).

2.2 In the event that the Lender Precious Metal shall be used by the Debtor in its ordinary course of business this retention of title shall continue in any endproduct in which the Precious Metal may have been integrated, transformed, processed or otherwise used (the "Endproduct"). The Lender and the Debtor in relation to such Endproduct shall be joint owners with each party having a portion of ownership

equal to the value of the respective party's contribution to the Endproduct (verlangerter Eigentumsvorbehalt). The preceding sentence notwithstanding the Lender's portion of ownership in the Endproduct shall in no event be less than 74 per cent.

3. Storage of Precious Metal

3.1 The Lender will deliver to the Debtor (at the Debtor's risk) the Lender Precious Metal to the Approved Location (as such term is defined in the Consignment Agreement) identified hereto in Annex 1.

3.2 If reasonably possible, the Debtor shall store the Lender Precious Metal within the Approved Location separately from any other Precious Metal stored in the Approved Location. The Debtor shall further insure that, as far as reasonably possible, in the event of an integration, transformation, processing or use of the Lender Precious Metal in or in the context of an Endproduct, the Debtor will use only the Lender Precious Metal to the exclusion of any other Precious Metal shall be used.

3.3 It is understood and agreed between the Lender and the Debtor that until such time as the Debtor has further sold or processed the Lender Precious Metal as set forth above the Lender shall continue to have full ownership rights in the Lender Precious Metal, subject only to the terms of the Consignment Agreement, this Agreement and any other documentation pertaining to the transaction described herein. In the event that the Lender Precious Metal cannot be distinguished from other Precious Metal stored in the Approved Location, if any, or that the Lender Precious Metal has been mingled before then the Lender shall, subject to the terms of the Intercreditor Agreement, be deemed to have an ownership interest corresponding to the Pro-Rata-Share (as such term is defined in the Intercreditor Agreement) in all of the Precious Metal stored in the Approved Location, regardless of such Precious Metal being Lender Precious Metal or other Precious Metal.

3.4 It is understood between the parties that nothing contained herein shall limit the Debtor in its use of the Lender Precious Metal in its ordinary course of business for the creation of an Endproduct.

4. Authority to Use; Assignment of Receivables

4.1 The Lender hereby grants to the Debtor the authority pursuant to Section 185 para 1 of the German Civil Code (Bürgerliches Gesetzbuch) to sell the Endproducts to third parties provided that (i) such sale occurs in the ordinary course of business, (ii) the buyer of the Endproduct has in the past paid its bills in full when due and (iii) the Debtor is not prohibited from assigning to the Lender any claims that the Debtor may have against the third party and relating to the Endproduct.

4.2 The Debtor hereby irrevocably assigns (Abtretung) to the Lender any and all rights or claims against third parties that it has or in the future may have from or in relation to any Endproduct (the "Assigned Rights"). Comprised in this assignment are, without limitation, claims for purchase price, damage claims or other statutory or contractual claims.

4.3 Upon repayment of the Obligations in full, the Lender undertakes to re-assign the Assigned Rights to the Debtor.

4.4 The Lender hereby grants to the Debtor the - revocable - authority to collect any amounts owed by third parties from the sale of the Endproducts until the earlier of (i) the revocation by the Lender of the authority granted herein or (ii) the occurrence of an Event of Default (as such term is defined in the Consignment Agreement).

5. Dentsply Subsidiaries Consignment

5.1 It is understood that the Debtor will and is entitled to consign the Lender Precious Metal to the Dentsply Subsidiaries pursuant to that certain Subsidiary Consignment Agreement (as such term is defined in the Consignment Agreement). The Dentsply Subsidiaries in signing this present Security Agreement hereby agree to be bound by the terms hereof in relation to any and to undertake all obligations contained herein in relation to such Lender Precious Metal and the Lender hereby grants to the Dentsply Subsidiaries the rights granted to the Debtor hereunder in relation to such Lender Precious Metal as is consigned to the Dentsply Subsidiaries.

5.2 The consignment of the Lender Precious Metal to the Dentsply Subsidiaries shall in particular (i) not lead to a invalidation of the

retention of title as provided herein in Sections 2.1 and 2.2 and (ii) any further disposal by the Dentsply Subsidiaries of the Lender Precious Metal assigned to it may only occur under the same conditions as apply to any such disposal by the Debtor pursuant to Sections 2.2, 4.1 and 4.2 hereof.

6. Governing Laws; Place of Jurisdiction

This Security Agreement shall be governed by and interpreted in accordance with German law. Non-exclusive place of jurisdiction for the Lender and exclusive place of jurisdiction for the Debtor for any disputes arising out of or in relation to this Agreement is Munich, Germany. Furthermore, the Lender is granted the right to initiate legal proceedings or file for other legal protection or remedies, including injunctive relief, at the Debtor's or any of its Subsidiaries' principle place of business, as well as before any other court having a factual relation or connection to the security granted to Lender hereunder. The Debtor shall be required, upon the Lender's request, to nominate and irrevocably designate a person acceptable to the Lender and domiciled in Germany to act as the Debtor's non-exclusive recipient and process agent for all types of service within the framework of the legal proceedings.

7. General Provisions

7.1 The Lender shall have the unrestricted right at any time or from time to time, with the Debtor's consent (such consent shall only be required provided that no Event of Default has occurred and is then continuing), which shall not be unreasonably withheld, to assign all or any portion of its rights and obligations hereunder to one or more banks or other financial institutions (each, an "Assignee"), and Debtor agrees that it shall execute, or cause to be executed, such documents, including without limitations, amendments to this Agreement and to any other documents, instruments and agreements executed in connection herewith as the Lender shall deem necessary to effect the foregoing.

7.2 The Debtor shall not be entitled to assign any rights or obligations under this Security Agreement to any third party without the Lender's prior written consent.

7.3 All notices and other communications hereunder shall be in writing, except as otherwise provided in this Agreement; and shall be sent by any one of the following: certified mail, return receipt requested; overnight courier; confirmed telecopier; or by hand and shall be addressed (i) if to the Debtor, to it at the Debtor's Address and (ii) if to the Lender, to it at the Lender's Address. Notices shall be deemed effective three (3) days after deposit in the mail, if sent by certified mail; the next Business Day, if sent by overnight courier; upon confirmation, if sent by confirmed telecopier; and upon delivery, if sent by hand. The address of any party hereto for such demands, notices and other communications may be changed by giving notice in writing at any time to the other party hereto

7.4 No modification or waiver of any provision of this Agreement, nor consent to any departure by the Debtor therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. No notice to, or demand, on the Debtor, in any case, shall entitle the Debtor to any other or future notice or demand in the same, similar or other circumstances.

7.5 Neither any failure or any delay on the part of the Lender in exercising any right, power or privilege hereunder or under any other instrument given as security therefor, shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or future exercise, or the exercise of any right, power or privilege

7.6 This Agreement may not be amended or modified except by a written instrument describing such amendment or modification executed by the Debtor and Lender.

7.7 Should individual provisions of this Security Agreement be or become invalid and/or unenforceable, the remainder of the Agreement shall remain unaffected thereby. In this case, the invalid or unenforceable provision shall be re-interpreted in such a way or replaced by such a provision that most closely achieves the economic purpose intended by the invalid/unenforceable provision. The same applies in case of an ambiguity, mutual mistake, or a gap in the terms contained in this Agreement.

7.8. All capitalized terms used herein not otherwise defined herein shall have the meanings assigned by the Consignment Agreement.

The next page is a signature page

[Date/Place] _____
DENTSPLY INTERNATIONAL INC.

- - - - -
For Debtor

[Date/Place] _____
DEGUSSA DENTAL GMBH

- - - - -
For Degussa

[Date/Place] _____
CERAMCO, INC.

- - - - -
For Ceramco

[Date/Place] _____
ELEPHANT DENTAL B.V.

- - - - -
For Elephant

[Date/Place] _____
ABN AMRO BANK N.V., AUSTRALIAN BRANCH

- - - - -
For Lender

CONSIGNMENT AGREEMENT

CONSIGNMENT AGREEMENT, dated as of December 15, 2006, by and between ABN AMRO BANK N.V., AUSTRALIAN BRANCH, with offices at Level 5, ABN AMRO Tower, 88 Philip Street, Sydney, New South Wales 2000 (the "Consignor"), and DENTSPLY INTERNATIONAL INC., a Delaware corporation with its principal place of business at 570 West College Avenue, York, Pennsylvania 17405 (the "Company").

W I T N E S S E T H:
- - - - -

WHEREAS, the Company uses certain commodities in its business; and

WHEREAS, the Consignor has agreed to consign such commodities to the Company on the terms and conditions and in reliance upon the representations and warranties of the Company hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual promises hereinafter contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. DEFINITIONS

When used herein, the terms set forth below shall be defined as follows:

- 1.1. "Approved Locations" means (a) the premises of the Company at the Company's Address; (b) the premises of the Company's Subsidiaries at the addresses set forth in Exhibit C attached hereto; and (c) such other locations of the Company's Subsidiaries as may be agreed upon from time to time in writing by FPM, on behalf of the Consignor and the Other Consignors; provided, however, FPM, on behalf of the Consignor and the Other Consignors, shall have the right to give written notice to the Company that a location, whether now or hereafter approved, is no longer an Approved Location.
- 1.2. "Authorized Representatives" means all person(s) who are authorized by and on behalf of the Company (a) to transact consignment and purchase and sale transactions with the Consignor under the Consignment Facility; and (b) to request that a consignment under the Consignment Facility be continued as such.
- 1.3. "Bank" means Bank of America, National Association, a national association and successor in interest to Fleet National Bank, a national banking association.
- 1.4. "Business Day" means a day on which commercial banks settle payments in (a) London, if the payment obligation is calculated by reference to any LIBOR Rate, or (b) New York, for all other payment obligations; an adjustment will be made if a date would otherwise fall on a day that is not a Business Day so that the date will be the first following day that is a Business Day except as otherwise set forth herein.
- 1.5. "Collateral Assignment" means that certain Collateral Assignment of the Subsidiary Consignment Agreement dated December 20, 2001 by the Company in favor of FPM, as agent for Consignor and the Other Consignors, as amended from time to time, whereby the Company has collaterally assigned all its rights, title and interest in and to the Subsidiary Consignment Agreement to FPM, for the benefit of the Consignor and the Other Consignors, and which secure, inter alia, the payment and performance of the Obligations.
- 1.6. "Company" means Dentsply International Inc., a Delaware corporation.
- 1.7. "Company's Address" means 570 West College Avenue, York, Pennsylvania USA 17405.
- 1.8. "Consigned Precious Metal" means Precious Metal which has been consigned to the Company by the Consignor pursuant to the Consignment Facility.
- 1.9. "Consignment Facility" means the facility under Paragraph 2 hereof whereby the Company may request

consignments of Precious Metal. 1.10. "Consignment Facility Indebtedness" means the value (as determined in accordance with Paragraph 2.2 hereof) of Precious Metal on consignment to the Company under the Consignment Facility. 1.11. "Consignment Limit" means:

- (a) Twenty-Two Million Dollars (\$22,000,000); or (b) such limit as the Consignor and the Company may agree upon from time to time as evidenced by an amendment in substantially the form of Exhibit B attached hereto and made a part hereof or in such other form as the Consignor shall require, with a copy to FPM in any case; or
- (c) such other limit as the Consignor may approve in its sole discretion.
- 1.12. "Consignment Period" means, with respect to the consignment of Precious Metal based upon a Fixed Consignment Fee, the period beginning on the Drawdown Date and ending on the day which numerically corresponds to such date one (1), two (2), three (3), six (6) or twelve (12) months (or such other period, if agreed to by the Consignor) thereafter (or, if such month has no numerically corresponding day, on the last London Banking Day of such month), as the Company may select in its relevant notice pursuant to Paragraph 2.4 or 2.5; provided, however, that, if such Consignment Period would otherwise end on a day which is not a London Banking Day, such Consignment Period shall end on the next following London Banking Day; provided, however, that if such next following London Banking Day is the first London Banking Day of a calendar month, such Consignment Period shall end on the next preceding London Banking Day.
- 1.13. "Consignor" means ABN AMRO Bank N.V., Australian Branch.
- 1.14. "Consignor's Address" means Level 5, ABN AMRO Tower, 88 Philip Street, Sydney, New South Wales 2000. 1.15. "Credit Agreement" means that certain 364-Day Competitive Advance, Revolving Credit and Guaranty Agreement dated May 25, 2001 among the Company, the Guarantors (as defined therein), the Banks from time to time party thereto, ABN AMRO Bank N.V., as Administrative Agent for the Banks and arranger and bookrunner and Credit Suisse First Boston and Bank of Tokyo-Mitsubishi Trust Company, as Co-Syndication Agents, and First Union National Bank and Harris Trust and Savings Bank, as Co-Documentation Agents., as amended from time to time.
- 1.16. "Dentsply Subsidiaries" means Degussa Dental GmbH, a German limited liability company and successor-in-interest to Degussa Dental GmbH & Co KG, and wholly owned by the Company; Ceramco, Inc., a Delaware corporation and a wholly owned subsidiary of the Company; and Elephant Dental B.V., a corporation organized under the laws of The Netherlands and a wholly owned subsidiary of the Company.
- 1.17. "Drawdown Date" means, with respect the Consignment Facility, the date on which any consignment under the Consignment Facility is made or is to be made and the date on which any consignment under the Consignment Facility is continued in accordance with Paragraph 2.5 hereof.
- 1.18. "Event of Default" means each and every event specified in Paragraph 8.1 of this Agreement.
- 1.19. "FPM" means Fleet Precious Metals Inc., a Rhode Island corporation.
- 1.20. "Financial Statements" means (a) the audited balance sheet of the Company as at December 31, 2004 and the statements of income and retained earnings of the Company for the year ended on such date prepared and certified by independent certified public accountants; and (b) a balance sheet of the Company as at June 30, 2005, and combined profit and loss and surplus statements of the Company for the period then ended, together with supporting schedules, prepared on a review basis by independent certified public accountants.
- 1.21. "Fiscal Year" means the year ending December 31.
- 1.22. "Fixed Consignment Fee" means a consignment fee calculated in accordance with the provisions of

Paragraph 2.3(c) hereof. 1.23. "Fixed Rate Consignment" means the consignment of Precious Metal by the Consignor to the Company under the Consignment Facility which bears a Fixed Consignment Fee.

- 1.24. "Following Business Day Convention" shall mean that an adjustment will be made if any relevant date would otherwise fall on a day that is not a Business Day so that the date will be the first following day that is a Business Day.
- 1.25. "GAAP" means generally accepted accounting principles consistently applied.
- 1.26. "Intercreditor and Collateral Sharing Agreement" means that certain Intercreditor and Collateral Sharing Agreement entered into by the Consignor and the Other Consignors with respect to the Company, dated as of December 27, 2001, as the same may be amended from time to time, which Intercreditor and Collateral Sharing Agreement shall be satisfactory to the Consignor in all respects in its sole discretion.
- 1.27. "Inventory" means all inventory (as defined in Section 9-109(4) of the Uniform Commercial Code) goods, merchandise and other personal property, wherever located, now owned or hereafter acquired by the Company which are held for sale or lease, or furnished or to be furnished under any contract of service or are raw materials, work in process, supplies or materials used or consumed in the Company's business, and all products thereof, and substitutions, replacements, additions or accessions thereto, all cash or non-cash proceeds of all of the foregoing including insurance proceeds.
- 1.28. "Laws" means all applicable ordinances, statutes, rules, regulations, orders, injunctions, writs or decrees of any government or political subdivision or agency thereof, or any court or similar entity established by any thereof.
- 1.29. "Lenders" means all lenders who are or were parties to the Credit Agreement from time to time. 1.30. "London Banking Day" means any day on which commercial banks are open for international business (including dealings in dollar deposits) in London.
- 1.31. "Metals Report" means a Precious Metal report of the Company which shall identify Precious Metal by location and which shall identify all liabilities to third parties for toll or other third party Precious Metal by location and by third party and otherwise to be in form acceptable to the Consignor, certified by a financial officer of the Company.
- 1.32. "Obligations" means any and all indebtedness, obligations and liabilities of the Company to the Consignor of every kind and description, direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising under this Agreement, including, without limitation, all indebtedness and obligations under the Consignment Facility extended to the Company hereunder; and all interest, taxes, fees, charges, expenses and attorneys' fees chargeable to the Company or incurred by the Consignor hereunder, or any other document or instrument delivered hereunder or as a supplement hereto.
- 1.33. "Other Consignors" means all suppliers, lenders, consignors or financial institutions who enter into consignment agreements with the Company pursuant to which such supplier, lender, consignor or financial institution agrees to consign Precious Metal to the Company and who become parties to the Intercreditor and Collateral Sharing Agreement.
- 1.34. "Other Consignment Agreements" means those certain Consignment Agreements or Consignment and Forward Contract Agreements entered into by and between the Other Consignors and the Company from time to time, as the same may be amended from time to time.
- 1.35. "Other Consignors' Precious Metal" means all Precious Metal consigned to the Company by the Other Consignors pursuant to the Other Consignment Agreements. 1.36. "Permitted Liens" means, so long as execution thereon has been stayed:

- (a) Liens for taxes, assessments, or similar charges, incurred in the ordinary course of business, which either are not yet due or are being contested in good faith by appropriate proceedings, and as to which the Company shall have set aside adequate reserves;
- (b) Pledges or deposits made in the ordinary course of business to secure payment of workmen's compensation, or to participate in any fund in connection with workmen's compensation, unemployment insurance, old-age pensions or other social security programs;
- (c) Liens of mechanics, materialmen, warehousemen, carriers, or other like liens, securing obligations incurred in the ordinary course of business that are not yet due and payable;
- (d) Good faith pledges or deposits made in the ordinary course of business to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, not in excess of ten percent (10%) of the aggregate amount due thereunder, or to secure statutory obligations, or surety, appeal, indemnity, performance or other similar bonds required in the ordinary course of business;
- (e) Encumbrances consisting of zoning restrictions, easements, or other restrictions on the use of real property, none of which materially impairs the use of such property by the Company or any Subsidiary in the operation of its business, and none of which is violated in any material respect by existing or proposed structures or land use; and
- (f) Liens in favor of the Consignor and the Other Consignors.

1.37. "Person" means an individual, corporation, partnership, limited liability company, joint venture, trust, or unincorporated organization. 1.38.

- "Precious Metal" means:
- (a) gold bullion, having a minimum degree of fineness of ninety-nine and 50/100 percent (99.5%), or being of such quality and in such form the delivery of which would be (i) settlement conforming in all respects with the requirements of the London Bullion Market Association for "international good delivery," or (ii) acceptable in internationally recognized terminal markets mutually acceptable to the Consignor and the Company; and
 - (b) silver bullion, having a minimum degree of fineness of ninety-nine and 90/100 percent (99.90%), or being of such quality and in such form the delivery of which would be (i) settlement conforming in all respects with the requirements of the London Bullion Market Association for "international good delivery," or (ii) acceptable in internationally recognized terminal markets mutually acceptable to the Consignor and the Company; and
 - (c) platinum plate, having a fineness of not less than ninety-nine and 95/100 percent (99.95%), or being of such quality and in such form the delivery of which would be (i) settlement conforming in all respects with the requirements of the London Platinum and Palladium Market for "international good delivery," or (ii) acceptable in internationally recognized terminal markets mutually acceptable to the Consignor and the Company; and
 - (d) palladium plate, having a fineness of not less than ninety-nine and 95/100 percent (99.95%), or being of such quality and in such form the delivery of which would be (i) settlement conforming in all respects with the requirements of the London Platinum and Palladium Market for "international good delivery," or (ii) acceptable in internationally recognized terminal markets mutually acceptable to the Consignor and the Company.

1.39. "Premises" means all real estate owned, used or leased by the Company or by any of the Company's Subsidiaries including, without limitation, the Dentsply Subsidiaries. 1.40. "Prime Rate" means the

rate of interest designated by Bank from time to time as being its so-called "prime rate" of interest. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate being charged to any customer. Changes in the rate of interest resulting from changes in the Prime Rate shall take place immediately without notice or demand of any kind.

- 1.41. "Security Agreement" means the German Security Agreement dated on or about the date hereof of the Company in favor of the Consignor, as amended from time to time, which secures the payment and performance of the Obligations under German law.
- 1.42. "Subsidiary" means any corporation of which more than fifty (50%) percent of the outstanding voting securities shall, at the time of determination, be owned by the Company directly or indirectly through one or more Subsidiaries.
- 1.43. "Subsidiary Consignment Agreement" means that certain Consignment and Forward Contracts Agreement dated December 20, 2001, as amended from time to time, by and between the Company and the Dentsply Subsidiaries whereby the Company shall consign the Consigned Precious Metal and the Other Consignors' Precious Metal to the Dentsply Subsidiaries, and all agreements executed or delivered in connection therewith, and all security therefor.

To the extent not defined in this Paragraph 1, unless the context otherwise requires, accounting and financial terms used in this Agreement shall have the meanings attributed to them by GAAP, and all other terms contained in this Agreement shall have the meanings attributed to them by Article 9 of the Uniform Commercial Code in force in the State of New York, as of the date hereof to the extent the same are used or defined therein.

2. CONSIGNMENT FACILITY.

2.1. Precious Metal to be Consigned; Insurance; Title

(a) The Precious Metal to be consigned to the Company by the Consignor under Consignment Facility will consist of Precious Metal as defined herein. EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE OF THIS PARAGRAPH 2.1(A), THE CONSIGNOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE GOODS CONSIGNED OR TO BE SOLD HEREUNDER, WHETHER AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER MATTER, AND THE CONSIGNOR HEREBY DISCLAIMS ALL SUCH WARRANTIES.

(b) The Consigned Precious Metal shall be consigned to the Company by the Consignor, in the Consignor's sole discretion, in amounts as requested by the Company from time to time, provided that no Event of Default has occurred and is then continuing. It is understood that at no time shall the Consignment Facility Indebtedness exceed the Consignment Limit.

(c) All deliveries requested by the Company of Consigned Precious Metal shall be made at the Company's expense and risk by a recognized reputable carrier of the Consignor's selection. Following the delivery of Consigned Precious Metal to the Company, or to such other location as may be agreed upon from time to time by the parties hereto, the Company shall insure the Consigned Precious Metal to its full value against all risks of loss and shall, as between the Consignor and the Company, accept all risk of loss until its return to the Consignor, as hereinafter provided. All such insurance policies shall provide at least thirty (30) days' prior written notice to the Consignor of any cancellation or alteration thereof. At the Consignor's request, the Company will furnish the Consignor with the certificate of an insurance company reasonably satisfactory to the Consignor and a true and complete copy of all insurance policies evidencing the satisfaction of the Company's insurance obligations hereunder and the inclusion of FPM, as agent for Consignor and the Other Consignors, as an additional insured and loss payee under any applicable policy as its interest may appear; provided, however, that the Consignor shall be under no duty either to ascertain the existence of or to examine any such policy or certificate or to advise the Company in the event such policy shall not comply with the requirements hereof.

(d) Title to all Consigned Precious Metal shall remain in the Consignor until such Consigned Precious Metal is purchased and withdrawn from consignment by the Company, and Precious Metal shall for the purposes of this Agreement be deemed to be outstanding on consignment until it is paid for in full by the Company as provided in Paragraph 2.3(e) hereof, whereupon title to such purchased Precious Metal shall pass to the Company. The Company authorizes the Consignor to file such financing statements and other documents as may be reasonably requested by the Consignor to protect the Consignor's interests as a consignor and a secured party under the Uniform Commercial Code. (e) The Company shall pay all license fees, assessments and sales, use, excise, property and other taxes now or

hereafter imposed by any governmental body or authority with respect to the possession, use, sale, transfer, consignment, delivery or ownership of the Consigned Precious Metal.

(f) The Consignor shall not be liable for any delay in delivery or for any inability to deliver Precious Metal hereunder directly or indirectly resulting from any unavailability or scarcity of precious metals, foreign or domestic embargoes, seizure, acts of God, insurrections, strikes, war, the adoption or enactment of any law, ordinance, regulation, ruling or order directly or indirectly interfering with the production, sale, consignment or delivery of Precious Metal hereunder, lack of transportation, fire, flood, explosions or other accidents, events or contingencies beyond the Consignor's reasonable control.

(g) The parties hereto hereby acknowledge, confirm and agree that the foregoing description of the form and manner in which Precious Metal will be consigned and delivered pursuant to this Agreement is intended to make clear that the Consignor is obligated to engage only in transactions involving Precious Metal in quantities and units which it customarily maintains in its regular inventory, but is not intended to limit such form and manner in the event that the Consignor shall agree separately to engage in other types of transactions. Without limiting the generality of the foregoing, Precious Metal in the possession or control of the Company, or Precious Metal held by a third party for the account of the Company, shall constitute Precious Metal consigned pursuant to this Agreement notwithstanding that (i) such Precious Metal is in alloyed form or is contained in raw materials, work-in-process, or finished goods, (ii) such Precious Metal was delivered to, or credited to the account of, the Company by a third party in exchange for or in consideration of Precious Metal delivered by the Consignor to such third party, (iii) such Precious Metal was sold by the Company to the Consignor and then consigned back to the Company pursuant to this Agreement, or (iv) such Precious Metal is demonstrably not the Precious Metal physically delivered by the Consignor.

2.2. Valuation

For the purpose of this Agreement, the value of the Consigned Precious Metal shall be determined (a) on the basis of the London Bullion Brokers' second fixing price on the valuation date in the case of gold, platinum and palladium, and (b) on the basis of the London Bullion Brokers' fixing price, in the case of silver, or, in any case if no price is available for such date, then on the basis of said second fixing price or fixing price, as applicable, on the next previous day for which such price was available. In the event that the London Bullion Brokers shall discontinue or alter its usual practice of quoting a price for gold, platinum, palladium or silver, as applicable, on any day for which such a price is necessary for the purposes hereof, the Consignor shall so notify the Company and the Consignor shall at its option announce a substituted index or mechanism which shall thereupon become the method of valuation hereunder.

2.3. Payments by the Company. (a) During such time as Precious Metal is consigned (or is deemed to be consigned under this Agreement, in particular as set forth in Section 2.1(g)) to the Company hereunder and until the same is withdrawn from consignment and paid for in full by the Company as hereinafter provided, the Company will pay to the Consignor a fee computed daily on the value of such Consigned Precious Metal as hereinafter set forth. Consignment fees shall be accrued on a daily basis and shall be paid as follows:

- (i) in the case of Fixed Rate Consignments having Consignment Periods of not more than ninety (90) days, consignment fees shall be paid on the last day of the Consignment Period with respect thereto; and
- (ii) in the case of Fixed Rate Consignments having Consignment Periods in excess of ninety (90) days, consignment fees shall be paid quarterly and on the last day of the Consignment Period with respect thereto, not later than the fifth Business Day following the receipt of billing.

Notwithstanding the foregoing, consignment fees may be payable more frequently if agreed upon by the Consignor and the Company. (b) The Company shall pay a Fixed Consignment Fee with respect to each consignment of Precious Metal under the Consignment Facility, subject to the terms and conditions hereinafter set forth. (c) Each Fixed Consignment Fee shall be calculated by the Consignor for a certain specific quantity and form of Precious Metal consigned to the Company for a certain specific Consignment Period. The quantity and form of Precious Metal, and the Consignment Period shall be selected by the Company and consented to by the Consignor. Once the specific quantity and form of Precious Metal and the specific Consignment Period have been selected and consented to by the Consignor and the consignment fee determined, such selections shall be

irrevocable and binding on the Company and shall obligate the Company to accept the consignment requested the Consignor in the amount, in the form and for the Consignment Period specified.

- (d) At such time as the Company shall request the consignment and delivery of Precious Metal under the Consignment Facility, it shall become obligated to pay to the Consignor a market premium per troy ounce announced by the Consignor at the time of such consignment. Such payment is to be made within five (5) Business Days of the Company's receipt of the monthly invoice.
- (e) At such time as the Company shall purchase and withdraw Consigned Precious Metal from consignment under the Consignment Facility, it shall become obligated to (i) pay to the Consignor (x) a purchase price computed in accordance with Paragraph 2.2 hereof if such purchase is effected by the Company (and the Company has notified the Consignor) prior to 2:30 P.M., London Time, on any London Banking Day, plus any applicable premium, or (y) such other purchase price as shall be mutually agreed upon by the Consignor and the Company, or (ii) deliver Precious Metal to the Consignor's unallocated accounts, loco London, in the case of gold and silver, and loco Zurich, in the case of platinum and palladium, in an amount equal to the Precious Metal purchased. All payments of purchase price for Consigned Precious Metal or deliveries of Precious Metal are to be made within two (2) London Banking Days, provided, however, title to such Consigned Precious Metal shall not pass until the payment of such purchase price. Consigned Precious Metal shall be deemed to have been purchased and withdrawn from consignment, and payment of the purchase price shall become due, at the earlier of (i) such time as the Company shall notify the Consignor, it elects to purchase such Consigned Precious Metal, (ii) such time as the Company sells such Consigned Precious Metal in the ordinary course of its business, (iii) the Company has not returned any Consigned Precious Metal when due, or (iv) the Company otherwise loses possession or control over the Consigned Precious Metal for reasons within the Company's reasonable control, including but not limited to knowingly or unknowingly passing on the Consigned Precious Metal to a third party.
- 2.4. Requests for Consignments under the Consignment Facility.

- (a) The Company shall give to the Consignor telephonic notice or notice sent by telecopier from an Authorized Representative of the Company (confirmed in writing by the Consignor) of each request for a consignment under the Consignment Facility. Each such notice shall be irrevocable and binding on the Company and shall obligate the Company to accept the consignment requested from the Consignor.

- (b) Requests for any Fixed Rate Consignments shall be furnished by an Authorized Representative of the Company to the Consignor by 12:00 noon (New York time) two (2) London Banking Days prior to the proposed Drawdown Date. Each such notice shall specify (i) the amount and type of Precious Metal requested, (ii) the proposed Drawdown Date of such consignment, and (iii) the Consignment Period for such consignment.
- (c) Requests for, and repayments of, Fixed Rate Consignments shall be for not less than:
- (i) Four Thousand (4,000) fine troy ounces or integral multiples of One Hundred (100) fine

- troy ounces in excess thereof, in the case of gold;
- (ii) Fifty Thousand (50,000) fine troy ounces or integral multiples of Five Hundred (500) fine troy ounces in excess thereof, in the case of silver;
- (iii) One Thousand (1,000) fine troy ounces or integral multiples of Fifty (50) fine troy ounces in excess thereof, in the case of platinum;
- (iv) One Thousand (1,000) fine troy ounces or integral multiples of One Hundred (100) fine troy ounces in excess thereof, in the case of palladium.

2.5. Rollover Option.

Any Fixed Rate Consignments may be continued as such upon the expiration of a Consignment Period with respect thereto by an Authorized Representative of the Company giving to the Consignor telephonic notice (confirmed in writing by the Consignor) of the Company's decision to continue an outstanding consignment as such. In the event that the Company does not notify the Consignor of its election hereunder with respect to any consignment by 12:00 noon (New York time) two (2) London Banking Days prior to the expiration of the Consignment Period, such consignment shall become due and payable on the last day of the Consignment Period with respect thereto.

2.6. Inability to Determine Fixed Consignment Fee.

In the event, prior to the commencement of any Consignment Period relating to any Fixed Rate Consignment, the Consignor shall determine in good faith that adequate and reasonable methods do not exist for ascertaining the Fixed Consignment Fee that would otherwise determine the rate of interest to be applicable to any Fixed Rate Consignment during any Consignment Period, the Consignor shall forthwith give notice of such determination (which shall be conclusive and binding on the Company) to the Company. In such event, (a) any request for a Fixed Rate Consignment shall be automatically withdrawn, (b) each Fixed Rate Consignment will automatically, on the last day of the then current Consignment Period thereof, become due and payable, and (c) the obligations of the Consignor to make Fixed Rate Consignments shall be suspended until the Consignor determines that the circumstances giving rise to such suspension no longer exist, whereupon the Consignor shall so notify the Company.

2.7. Illegality.

Notwithstanding any other provisions herein, if any present or future law, regulation, treaty or directive or in the reasonable interpretation or application thereof shall make it unlawful for the Consignor to make or maintain Fixed Rate Consignments, the Consignor shall forthwith give notice of such circumstances to the Company and thereupon (a) the agreement of the Consignor to make Fixed Rate Consignments shall forthwith be suspended, and (b) the Fixed Rate Consignments then outstanding shall become due and payable on the last day of each Consignment Period applicable to such Fixed Rate Consignments or within such earlier period as may be required by law. The Company shall promptly pay the Consignor any additional amounts necessary to compensate the Consignor for any costs incurred by the Consignor in making any conversion in accordance with this Paragraph, including any interest or fees payable by the Consignor to lenders of funds obtained by it in order to make or maintain its Fixed Rate Consignments hereunder.

2.8. Indemnity.

The Company shall indemnify the Consignor and hold the Consignor harmless from and against any loss, cost or expense (including reasonable loss of anticipated profits) that the Consignor may sustain or incur as a consequence of (a) default by the Company in payment of any Fixed Rate Consignments as and when due and payable (including, without limitation, as a result of prepayment or late payment of the purchase price for the Consigned Precious Metal or the acceleration of the Consignment Facility Indebtedness pursuant to the terms of this Agreement), which expenses shall include any such loss or expense arising from interest or fees payable by the Consignor to lenders of funds obtained by it in order to maintain its Fixed Rate Consignments; (b) default by the Company in taking a consignment or conversion after the Company has given (or is deemed to have given) its request therefor; and (c) the purchase of Consigned Precious Metal bearing a Fixed Consignment Fee on a day that is not the last day of the applicable Consignment Period with respect thereto, including interest or fees payable by the Consignor to lenders of funds obtained by it in order to maintain any such consignments.

2.9. Use of Proceeds.

No portion of the proceeds of the Consignment Facility shall be used, in whole or in part, for the purpose of purchasing or carrying any "margin stock" as such term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

2.10. True Consignment; Grant of Security Interest

- (a) The parties hereto intend that this Agreement shall provide for a true

consignment and that all transactions hereunder shall constitute true consignments of the Precious Metal. (b) To secure the prompt and punctual payment and performance of all indebtedness, obligations and liabilities of the Company to the Consignor under this Consignment Facility, whether now existing or hereafter incurred, the Company hereby grants to the Consignor a continuing security interest in (i) the Consigned Precious Metal, whether now existing or hereafter arising, (ii) all Inventory of the Company which contains Consigned Precious Metal, whether now existing or hereafter arising, and (iii) all proceeds and products of the foregoing to the extent that the Consignor has not received payment with respect to the Consigned Precious Metal content thereof in accordance with the terms hereof. Nothing contained in the foregoing grant is intended to conflict with the true consignment nature of this Agreement. 2.11. Maintenance of Consignment Limit If the Consignment Facility Indebtedness any time exceeds the Consignment Limit, the Company will promptly, without further notice or demand by the Consignor, either (a) make payment to the Consignor, as provided in Paragraph 2.3(e) hereof, for Consigned Precious Metal having an aggregate value sufficient to result in Consignment Facility Indebtedness being not more than the Consignment Limit, or (b) deliver to the Consignor, either physically at the Consignor's vault at J P Morgan Chase Bank, 60 Victoria Embankment London C4YOBX or to the Consignor's unallocated accounts, loco London, in the case of gold and silver, and loco Zurich, in the case of platinum and palladium, sufficient Consigned Precious Metal to achieve the result referred to in the preceding clause (a). Any physical return of Consigned Precious Metal to the Consignor's vault in at J P Morgan Chase Bank, 60 Victoria Embankment London C4YOBX shall be at the Company's expense and risk and shall only be credited to the Company's account upon the Consignor's assaying the value thereof.

2.12. Termination; Return of Precious Metal

(a) This Agreement is not a commitment of the Consignor to consign Precious Metals or otherwise extend credit to the Company. The Consignor may terminate this Consignment Facility by giving forty-five (45) days' prior written notice of such termination to the Company. Upon giving of such notice, the Consignor may, at its option, suspend or terminate the consignment or delivery of Precious Metal hereunder. ALL SUMS OUTSTANDING UNDER THIS CONSIGNMENT FACILITY WILL BE DUE AND PAYABLE UPON THE EARLIER OF (I) THE OCCURRENCE OF AN EVENT OF DEFAULT AND ACCELERATION OF THE OBLIGATIONS BY THE CONSIGNOR, OR (II) FORTY-FIVE (45) DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM THE CONSIGNOR HEREUNDER. (b) The Company may terminate this Consignment Facility by giving five (5) days' prior written notice of such termination to the Consignor. Upon receipt of such notice, the Consignor shall suspend and terminate to the consignment or delivery Precious Metal hereunder. ALL SUMS OUTSTANDING UNDER THIS CONSIGNMENT FACILITY WILL BE DUE AND PAYABLE FIVE (5) DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM THE COMPANY HEREUNDER. (c) Termination of this Consignment Facility shall not affect the Company's duty to pay and perform its obligations to the Consignor hereunder in full. Notwithstanding termination, until all Consignment Facility Indebtedness has been fully satisfied, the Consignor shall retain all security interests granted to it and, except for those specific covenants and conditions dealing with the making of consignments, all terms and conditions of this Agreement shall remain in full force and effect.

(d) Upon termination of this Agreement for any reason the Company shall within twenty-four (24) hours following such effective date of termination (i) pay to the Consignor (x) a purchase price computed in accordance with Paragraph 2.2 hereof, plus any applicable premium, or (y) such other purchase price as shall be mutually agreed upon by the Consignor and the Company; (ii) deliver Precious Metal to the Consignor's unallocated accounts, loco London, in the case of gold and silver, and loco Zurich, in the case of platinum and palladium, in an amount equal to the Consignment Facility Indebtedness; or (iii) deliver to the Consignor at the Consignor's vault at J P Morgan Chase Bank, 60 Victoria Embankment London EC4YOBX, any Precious Metal theretofore consigned to but not purchased and paid for in full by the Company. Any physical return of Consigned Precious Metal to the Consignor's vault at J P Morgan Chase Bank, 60 Victoria Embankment London EC4YOBX shall be at the Company's expense and risk and shall only be credited to the Company's account upon the Consignor's assaying the value thereof. (e) Notwithstanding the provisions of Paragraph 2.12(d) hereof, in the event that the Consignment Facility is terminated as a result of the Consignor giving forty-five (45) days written notice of termination to the Company as set forth in Paragraph 2.12(a) hereof, the Consignor, at its option and in its sole discretion, may agree not to accelerate the Fixed Rate Consignments and may permit the Consigned Precious Metal which is the subject of such Fixed Rate Consignments to be paid on the last day of the Consignment Period with respect thereto in accordance with their respective terms and with the consignment fees with respect thereto to be payable in accordance with Paragraph 2.3(a) hereof.

3. AUTHORIZED REPRESENTATIVES.

The Company shall deliver to the Consignor a certificate or letter certifying to the Consignor the name(s) of all Authorized Representatives, in the form attached hereto as Exhibit A. The Consignor may conclusively rely on such certificate or letter until it shall receive a further certificate from the Company in form acceptable to the Consignor canceling or amending the prior list

of Authorized Representatives. Any person identifying himself or herself as an Authorized Representative of the Company shall have the right to effect transactions under this Agreement. The Consignor shall have no responsibility or obligation to ascertain whether the person is in fact the Authorized Representative of the Company which he or she claims to be or is, in fact, authorized to effect the transaction. At its option, the Consignor may verify any telephonic or telegraphic request for transaction by calling an Authorized Representative, and where more than one Authorized Representative is so authorized, by calling an Authorized Representative or other individual other than the caller or the individual initiating the transaction. The Company authorizes the Consignor at its option to record electronically all telephonic requests for transactions that the Consignor may receive from the Company or any other person purporting to act on behalf of the Company.

4. CONDITIONS.

4.1. Conditions to the Consignor's Obligation to Consign Precious Metal.

(a) As a precondition to the Consignor's consigning Precious Metal (but with the Consignor retaining full discretion as to whether to consign Precious Metal from time to time):

(i) The representations and warranties set forth in Paragraph 6 hereof shall be true and correct on and as of the date hereof and the date each consignment is requested and is to occur.

(ii) The Company shall have executed and delivered to the Consignor, or shall have caused to be executed and delivered to the Consignor in form and substance acceptable to the Consignor, upon the execution of this Agreement, all agreements required by the Consignor for the purpose of securing payment and performance of Company's obligations under this Agreement, together with any other documents required by the terms hereof or thereof, including, without limitation, the Security Agreement and the Collateral Assignment; and all insurance required by the terms hereof and by the Security Agreement, all of which shall at all times remain in full force and effect. (iii) The Consignor shall have received the

favorable written opinion of counsel for the Company, dated the date hereof, satisfactory to the Consignor and its counsel in scope and substance, stating, among other things, that this Agreement and all agreements delivered in connection herewith have been duly authorized, executed and delivered by the Company and constitute the valid, binding and enforceable obligations of the parties thereto; and such other supporting documents and certificates as the Consignor or its special counsel may reasonably request.

(iv) There shall have been no material adverse change in the Company's financial condition or its financial or business prospects from those represented in any financial statement or other information submitted to the Consignor or upon which the Consignor has relied.

(v) The Company shall have supplied the Consignor with a certificate from an insurance company reasonably satisfactory to the Consignor with respect to the assets of the Company, and a true and complete copy of all insurance policies satisfactory to the Consignor in all respects and which shall include FPM, as agent for the Consignor and the Other Consignors, as an additional insured and loss payee, as its interests may appear.

(vi) All legal matters incident to the transactions hereby contemplated shall be satisfactory to counsel for the Consignor.

(vii) No Event of Default as specified in Paragraph 8.1 hereof, nor any event which upon notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing
4.2. Company's Confirmation.

The Company's request to the Consignor for the delivery of Precious Metal under the Consignment Facility shall be deemed to be a representation and warranty to the Consignor that the respective conditions specified in Paragraph 4.1 for such consignment have been satisfied.

5. SECURITY

The repayment of the Obligations shall be secured by, and entitled to the benefits of, the Security Agreement and the Collateral Assignment.

6. REPRESENTATIONS AND WARRANTIES

As a material inducement to the Consignor to deliver Consigned Precious Metal to the Company, the Company hereby represents and warrants to the Consignor (which representations and warranties shall survive the execution of this Agreement and the delivery of Consigned Precious Metal) that: 6.1. Corporate Authority. The Company (i) is duly organized, validly existing and in good standing under the laws of its state of incorporation, (ii) has the requisite corporate power and authority to own its properties and to carry on business as now being conducted, and holds all material permits, authorizations and licenses, without material restrictions or limitations, which are necessary for such ownership or business activity, and (iii) is qualified to do business in every jurisdiction where such qualification is necessary, and has the requisite corporate power to execute, deliver and perform this Agreement, the Security Agreement, the Collateral Assignment, and any security document or documents securing the obligations of the Company under this Agreement. The Company has no reason to believe that any such material permits, authorizations or licenses will be revoked, canceled, rescinded, modified or lost. 6.2. No Conflict. The execution, delivery and performance by the Company of the terms and provisions of this Agreement, the Security Agreement, the Collateral Assignment, and any other such security document(s) have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of government, the articles of incorporation or the by-laws of the Company or any indenture, agreement or other instrument to which it is party, or by which it is bound, or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or, except as may be provided by this Agreement, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Company pursuant to, any such indenture, agreement or other instrument.

6.3. Litigation. There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or, to the knowledge of the Company threatened, against or affecting the Company which, if adversely determined, would have a material adverse effect on the business, operations, properties, assets or condition, financial or otherwise, of the Company.

6.4. Other Agreements. The Company is not a party to any agreement or instrument or subject to any charter or other corporate restriction adversely affecting its business, properties or assets, operations or conditions, financial or otherwise.

6.5. Default. The Company is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which could have a materially adverse effect upon the Company's business, operations, properties, assets, or condition, financial or otherwise.

6.6. Financing Statements. No financing statement or agreement is on file in any public office pertaining to or affecting the Consigned Precious Metal or any Inventory of the Company, now owned or hereafter acquired containing Consigned Precious Metal.

6.7. Representations. No statement of fact made by or on behalf of the Company in this Agreement or in any certificate or schedule furnished to the Consignor pursuant hereto, contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein or herein not misleading. There is no fact presently known to the Company which has not been disclosed to the Consignor which materially affects adversely, nor as far as the Company can reasonably foresee, will materially affect adversely the property, business, operations or condition (financial or otherwise) of the Company.

6.8. Binding Obligations. This Agreement, the Security Agreement, the Collateral Assignment, all other agreements securing this Agreement have been duly executed and delivered by the Company and constitute legal, valid and binding obligations of the Company, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and other similar laws of general application affecting the rights of creditors generally. 6.9. No Event of Default. No Event of Default as defined in Paragraph 8.1 hereof, and no event which, with the passage of time or the giving of notice, or both, would become

such an Event of Default, has occurred and is continuing.

6.10. Financial Statements. The Company has furnished the Financial Statements to the Consignor. The Financial Statements have been prepared in accordance with GAAP on a basis consistent with that of preceding periods and are complete and correct in all material respects and fairly present the financial condition of the Company as at said dates, and the results of its operations for the year or other period ended on said dates. Since the date(s) of the above described balance sheets, there has been no material adverse change in the financial condition of the Company. 6.11. Credit Agreement. The Company reaffirms and restates and incorporates herein by reference, as of the date hereof, all of the representations and warranties made by Company in the Credit Agreement, except to the extent altered by actions permitted pursuant to the terms thereof or expressly contemplated pursuant to the terms hereof or to the extent the Consignor has been advised in writing of any inaccuracy with respect to such representations or warranties and has waived the same in writing. 6.12. Solvency.

(a) The fair salable value of the assets of the Company exceeds as of the date hereof and will, immediately following each consignment and delivery of Consigned Precious Metal and after giving effect to the application of the proceeds of the Consignment Facility, exceed the amount that will be required to be paid on or in respect of its existing debts and other liabilities (including contingent liabilities) as they mature. (b) The assets of the Company do not as of the date hereof and will not, immediately following each consignment and delivery of Consigned Precious Metal, and after giving effect to the application of the proceeds thereof, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. (c) The Company does not intend to, or believe that it will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by the Company and the timing of and amounts of cash to be payable on or in respect of indebtedness of the Company.

7. AFFIRMATIVE AND NEGATIVE COVENANTS

The Company covenants and agrees that, from the date hereof and until payment and performance in full of all Obligations, the Company shall:

7.1. Credit Agreement. Observe, maintain and perform all of the covenants and agreements set forth in the Credit Agreement, all of which are fully incorporated herein, are hereby fully restated, shall be fulfilled by the Company and shall remain in full force and effect. Such terms will apply herein, as the same may be amended/extended/renewed in the Credit Agreement, provided that if the Company is no longer a party to the Credit Agreement while this Agreement remains in effect, the terms in effect at the time that the Credit Agreement terminated, or the Company ceased to be a party, shall continue to apply for purposes of this Agreement.

7.2. Litigation. Give prompt written notice to the Consignor of any proceedings instituted against it by or in any Federal or state court or before any commission or other regulatory body, Federal, state or local, which, if adversely determined, would have a materially adverse effect upon its business, operations, properties, assets, or condition, financial or otherwise.

7.3. Financial Condition. Furnish to the Consignor promptly, from time to time, such information regarding its operations, assets, business affairs and financial condition, as the Consignor may reasonably request and promptly advise the Consignor of any material adverse change in its condition, financial or otherwise. 7.4. Audits. Permit agents or representatives of FPM, for the benefit of the Consignor and the Other Consignors, to inspect, at reasonable hours, the Consigned Precious Metal and the Company's books and records and to make abstracts or reproductions of such books and records and permit FPM's audit staff, for the benefit of the Consignor and the Other Consignors, to conduct not less than one annual audit and field exam of the Consigned Precious Metal, all such audits and exams to be at the sole cost and expense of the Company. 7.5.

Liens. Not create, incur, assume or suffer to exist any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on (a) any of the Consigned Precious Metal or any of the Other Consignors' Precious Metal, or (b) any products or property now or hereafter owned which does or will include Consigned Precious Metal or any of the Other Consignors' Precious Metal. 7.6. Disposition of Property. Not, without the Consignor's prior written consent, sell, lease, transfer or otherwise dispose of the Consigned Precious Metal or the Other Consignors' Precious Metal, except for: (a) sales of inventory and other assets in the ordinary course of the Company's business; and (b) the consignment of the Consigned Precious Metal and Other Consignors' Precious Metal to the Dentsply Subsidiaries pursuant to the Subsidiary Consignment Agreement, provided that the terms of the Subsidiary Consignment Agreement must be acceptable to FPM in all respects and in its sole discretion, and provided further that the value (as determined in accordance with Paragraph 2.2 hereof) of Precious Metal on consignment at any time to Ceramco, Inc. shall not

exceed Two Million Dollars (\$2,000,000) and the value (as determined in accordance with Paragraph 2.2 hereof) of Precious Metal on consignment at any time to Elephant Dental B.V. shall not exceed Five Million Dollars (\$5,000,000).

7.7. Corporate Status. Not change its name or place of incorporation unless it has provided the Consignor with thirty (30) days' prior written notice thereof.

7.8. Consigned Precious Metal. Not grant any security interest or ownership rights to any customer or creditor (including any credit institutions) of the Company with respect to any of the Consigned Precious Metal or any of the Other Consignors' Precious Metal while at the Company's Premises or at other Approved Locations regardless of whether or not such customers have prepaid orders for the Consigned Precious Metal or the Other Consignors' Precious Metal or any products or property which does or will include the Consigned Precious Metal or the Other Consignors' Precious Metal and regardless of whether such creditors (including credit institutions) have prior or ongoing security arrangements with the Company, in which case the Company shall ensure that neither the Consigned Precious Metals nor any of the Other Consignors Precious Metal shall be subject to such prior security arrangements.

7.9. Consignments. Not obtain Precious Metal on consignment or credit from any supplier, lender, consignor or financial institution other than the Consignor and the Other Consignors unless such supplier, lender, consignor or financial institution shall first (a) have entered into a Consignment Agreement with the Company in a form acceptable to FPM; and (b) become a party to the Intercreditor and Collateral Sharing Agreement with Consignor and the Other Consignors, which Intercreditor and Collateral Sharing Agreement shall be satisfactory to FPM in all respects in its sole discretion and which shall at all times remain in full force and effect.

7.10. Location of Precious Metal. At all times, all of the Consigned Precious Metal and all of the Other Consignors' Precious Metal shall be located at an Approved Location, or shall be in transit to, or from, an Approved Location.

7.11. Other Consignment Agreements. Not amend any provision of any of the Other Consignment Agreements except in accordance with the provisions of the Intercreditor and Collateral Sharing Agreement.

7.12. Financial Statements. Unless otherwise explicitly waived by the Consignor in writing, furnish to the Consignor: (a) within one hundred twenty (120) days after the end of each Fiscal Year, an audited balance sheet as of the end of such Fiscal Year, and an audited statement of earnings for the Fiscal Year, certified by certified public accountants selected by the Company and acceptable to the Consignor; (b) within sixty (60) days after the end of each calendar quarter, a balance sheet as of the end of such period, and a statement of earnings for the Fiscal Year through the end of such period, prepared either by the Company and certified by a financial officer of the Company or prepared on not less than a compilation basis by independent certified public accountants selected by the Company and acceptable to the Consignor; (c) within thirty (30) days of the end of each calendar month, a Metals Report; and (d) promptly, from time to time such other information regarding its operations, assets, business, affairs and financial condition, including without limitation, an accounts payable reports and agings of the Company, as the Consignor may reasonably request.

7.13. Environmental Matters. With respect to environmental matters: (a) comply strictly and in all respects with the requirements of all federal, state, and local environmental laws; (b) immediately contain and remove any hazardous or toxic material found on the Premises in violation of applicable law, which work must be done in compliance with applicable laws and at the Company's expense; and (c) indemnify, defend, and hold the Consignor harmless from and against any claim, cost, damage (including, without limitation, consequential damages), expense (including, without limitation, attorneys' fees and expenses), loss, liability, or judgment now or hereafter arising as a result of any claim for environmental cleanup costs, any resulting damage to the environment and any other environmental claims against the Company, the Consignor, or the Premises. The provisions of this subparagraph (c) shall continue in effect and shall survive (among other events) any termination of this Agreement, foreclosure, a deed in lieu of foreclosure transaction, payment and satisfaction of the obligations evidenced hereby or incurred pursuant hereto, and release of any collateral.

7.14. Insurance. Keep its insurable properties adequately insured at all times, by financially sound and reputable insurers, to such extent and against such risks, including fire and other risks insured against by extended coverage, and maintain liability and such other insurance as is customarily maintained by company engaged in similar businesses.

7.15. Notices Relating to Credit Agreement. Forward to the Consignor copies of all amendments to the Credit Agreement and all notices of default issued in connection with the Credit Agreement (or under any other loan or credit agreement which replaces the Credit Agreement upon its termination) immediately upon receipt thereof.

8. EVENTS OF DEFAULT AND ACCELERATION

8.1. Events of Default In each case of the occurrence of any one or more of the

following events (each of which is herein called an "Event of Default"): (a) default in the payment or performance of any of the Company's Obligations or agreements hereunder or under

the Other Consignment Agreements; or

- (b) any representation or warranty made herein or in any certificate, statement or agreement furnished in connection with this Agreement shall prove to be false or misleading in any material respect; or
- (c) default in the payment or performance of any obligation or indebtedness of the Company to the Consignor or any affiliate of the Consignor, whether now or hereafter existing and howsoever arising, incurred or evidenced; or
- (d) default in the payment or performance of any obligation or indebtedness of the Company to the Lenders or any affiliate of the Lenders under the Credit Agreement, or under any other loan or credit agreement which replaces the Credit Agreement upon its termination, whether now or hereafter existing and howsoever arising, incurred or evidenced; or
- (e) default in the payment or performance of any obligation or indebtedness of any of the Dentsply Subsidiaries to the Company under the Subsidiary Consignment Agreement or under any other consignment agreement pursuant to which Precious Metal is consigned to any of the Dentsply Subsidiaries, whether now or hereafter existing and howsoever arising, incurred or evidenced; or
- (f) the Company or any of the Dentsply Subsidiaries shall (i) make a general assignment for the benefit of creditors, or (ii) file or suffer the filing of any voluntary or involuntary petition under any chapter of the Bankruptcy Act by or against the Company or under the Insolvency Ordinance (Insolvenzordnung) by or against Degussa Dental GmbH, or (iii) apply for or permit the appointment of a receiver, trustee or custodian of any of its property or business; or (iv) become insolvent to suffer the entry of an order for relief under Title 11 of the United States Code; or (v) make an admission of its general inability to pay its debts as they become due; or
- (g) the occurrence of any material loss, theft or destruction of or damage to any of the Consigned Precious Metal or to any of the Other Consignors' Precious Metal; or
- (h) the occurrence of any attachment on any of the Consigned Precious Metal or on any of the Other Consignors' Precious Metal; or
- (i) default with respect to any evidence of indebtedness of the Company or any of the Dentsply Subsidiaries (other than to the Consignor, the Other Consignors and the Lenders), if the effect of such default is to (x) accelerate the maturity of such indebtedness or permit the holder thereof to cause such indebtedness to become due prior to the stated maturity thereof, and (y) cause a material adverse effect upon the business operations, properties, assets, or condition, financial or otherwise, of the Company or any of the Dentsply Subsidiaries, or
- (j) any indebtedness of Company or any Dentsply Subsidiary (other than to the Consignor, the Other Consignors and the Lenders) is not paid, when due and payable, whether at the due date thereof or a date fixed for prepayment or otherwise and such failure has a material adverse effect upon the business, operations, properties, assets, or condition, financial or otherwise, of the Company or any of the Dentsply Subsidiaries; or
- (k) the occurrence of any event of default under (x) any agreement now or at any time hereafter securing or guaranteeing performance of this Agreement, including, without limitation, the Security Agreement and the Collateral Assignment, or (y) any agreement now or at any time hereafter securing or guaranteeing performance of any of the Other Consignment Agreements; or
- (l) any direct or indirect change in the majority ownership or control of the Company or any of the Dentsply Subsidiaries; or

(m) the occurrence of any material loss, theft or destruction of or damage to any of the property of the Company or any of the Dentsply Subsidiaries which, in the Consignor's sole reasonable determination, is not adequately insured;

then in any such event, at the Consignor's option, (A) the obligations of the Consignor hereunder shall terminate, (B) the Company shall promptly return to the Consignor all Precious Metal theretofore consigned to but not purchased and paid for by the Company, and (C) all the Company's obligations to the Consignor (including, without limitation, the Consignment Facility) shall become and be immediately due and payable without presentment, demand or notice, all of which are hereby expressly waived, notwithstanding any credit or time allowed to the Company or any instrument evidencing any of the Company's obligations to the Consignor. The Consignor shall in addition have all of the rights and remedies of a secured party under the Uniform Commercial Code with respect to any collateral now or hereafter securing the Company's obligations hereunder. The Company shall, at the Consignor's request, immediately assemble all such collateral and the Consigned Precious Metal, and the Consignor may go upon the Premises to take immediate possession thereof. The Company shall pay all reasonable legal expenses and attorneys' fees incurred by the Consignor in enforcing the Consignor's rights, powers and remedies under this Agreement.

8.2. Waiver No failure or delay on the Consignor's part to exercise or to enforce any of the Consignor's rights hereunder or under any other instruments or agreement evidencing any of the Company's obligations to the Consignor or to require strict compliance with the terms hereof or thereof in any one or more instances and no course of conduct on the Consignor's part shall constitute or be deemed to constitute a waiver or relinquishment of any such rights hereunder unless it shall have signed a waiver thereof in writing and no such waiver, unless expressly stated therein, shall be effective as to any transaction which occurs after the date of such waiver or as to any continuance of a breach after such waiver. The Consignor's rights hereunder shall continue unimpaired notwithstanding any extension of time, compromise or other indulgence granted by the Consignor to the Company with respect to any of the Company's obligations to the Consignor or any instrument given the Consignor in connection therewith, and the Company hereby waives notice of any such extension, compromise or other indulgence and consents to be bound thereby as if it had expressly agreed thereto in advance.

9. NO ASSIGNMENT

The rights of the Company under this Agreement may not be assigned to any third party without the prior written consent of the Consignor. All covenants and agreements of the Company contained herein shall bind the Company and its successors and assigns, and shall inure to the benefit of the Consignor, its successors and assigns.

10. EXPENSES

The Company shall pay on demand all expenses of the Consignor in connection with the preparation, administration, default, collection, waiver or amendment of consignment terms, or in connection with the Consignor's exercise, preservation or enforcement of any of its rights, remedies or options hereunder or under the Security Agreement or the Collateral Assignment, including, without limitation, fees of outside legal counsel, including German counsel, or the allocated costs of in-house legal counsel, accounting, consulting, brokerage or other costs relating to any appraisals or examinations conducted in connection with the Consignment or any collateral therefor, and the amount of all such expenses shall, until paid, bear interest at the rate applicable to unpaid purchase price hereunder (including any default rate) and be an obligation secured by such collateral.

11. GOVERNING LAW; MISCELLANEOUS

11.1. Governing Law. This Agreement shall be governed by and shall be construed under the laws of the State of New York (excluding the laws applicable to conflicts or choice of law) unless otherwise specifically provided. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

11.2. JURISDICTION. THE COMPANY AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT OR ANY OF THE OTHER CONSIGNMENT DOCUMENTS MAY BE BROUGHT BY THE CONSIGNOR IN ITS DISCRETION IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN OR IN THE COURTS OF MUNICH, GERMANY AND CONSENTS

TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURTS AND SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON COMPANY BY MAIL AT THE ADDRESS SET FORTH IN THIS AGREEMENT, IT BEING UNDERSTOOD THAT THE COMPANY MAY ONLY BE ENTITLED TO BRING SUIT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN. THE COMPANY HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM. THE COMPANY AND THE CONSIGNOR MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER CONSIGNMENT DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PART, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF THE CONSIGNOR RELATING TO THE ADMINISTRATION OF THE CONSIGNMENT FACILITY OR ENFORCEMENT OF THE CONSIGNMENT DOCUMENTS, AND AGREE THAT NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, THE COMPANY HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE COMPANY CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE CONSIGNOR HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE CONSIGNOR WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR LENDER TO ACCEPT THIS AGREEMENT AND EXTENDS THE CONSIGNMENT FACILITY.

11.3. Survival of Covenants. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto, shall survive the consigning of Precious Metal by the Consignor to the Company, the execution and delivery to the Consignor of this Agreement, and shall continue in full force and effect so long as any indebtedness or obligation of the Company to the Consignor is outstanding and unpaid. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements contained in this Agreement by or on behalf of the Company shall inure to the benefit of the successors and assigns of the Consignor. 11.4. Late Fee. If the entire amount of a required payment is not paid in full within ten (10) business days after the same is due, the Company shall pay to the Consignor a late fee equal to five percent (5%) of the required payment.

11.5. Default Interest Rate. The Company hereby agrees to pay upon demand, to the extent permitted by law, late charges on any sum or amount not paid when due hereunder at a rate per annum equal to the Prime Rate plus four percent (4%), from the date of delinquency until payment in full. Interest shall be calculated on the basis of a 360-day year counting the actual number of days elapsed. Each change in the Prime Rate charged being effective upon each date the Prime Rate changes.

11.6. Increased Costs. If any present or future applicable law, which expression, as used herein, includes statutes, rules and regulations thereunder and interpretations thereof by any competent court or by any governmental or other regulatory body or official charged with the administration or the interpretation thereof and requests, directives, instructions and notices at any time or from time to time hereafter made upon or otherwise issued to the Consignor by any central bank or other fiscal, monetary or other authority (whether or not having the force of law), shall:

(a) subject the Consignor to any tax (except for taxes on income or profits), levy, impost, duty, charge, fee, deduction or withholding of any nature with respect to the making of Fixed Rate Consignments, or

(b) materially change the basis of taxation (except for changes in taxes on income or profits) of payments to the Consignor of the principal of or the interest on Fixed Rate Consignments or any other amounts payable to the Consignor under this Agreement for Fixed Rate Consignments, or

(c) impose or increase or render applicable (other than to the extent specifically provided for elsewhere in this Agreement) any special deposit, reserve, assessment, liquidity, capital adequacy or other similar requirements (whether or not having the force of law) against assets held by, or deposits in or for the account of, or loans by, or commitments of an officer of the Consignor, or

(d) impose on the Consignor any other conditions or requirements with respect to Fixed Rate Consignments or any class of loans or commitments of which any of Fixed Rate Consignments form a part;

and the result of any of the foregoing is

(e) to increase the cost to the Consignor of making, funding, issuing, renewing, extending or maintaining any of the Fixed Rate Consignments, or

(f) to reduce the amount of principal, interest or other amount payable to the

Consignor hereunder on account of any of the Fixed Rate Consignments, or

(g) to require the Consignor to make any payment or to forego any interest or other sum payable hereunder, the amount of which payment or foregone interest or other sum is calculated by reference to the gross amount of any sum receivable or deemed received by the Consignor from the Company hereunder,

then, and in each such case, the Company will, upon demand by the Consignor, at any time and from time to time and as often as the occasion therefor may arise, pay to the Consignor such additional amounts as will be sufficient to compensate the Consignor for such additional cost, reduction, payment or foregone interest or other sum.

11.7. Capital Adequacy. If any present or future law, governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) or the interpretation thereof by a court or governmental authority with appropriate jurisdiction affects the amount of capital required or expected to be maintained by the Consignor or any corporation controlling the Consignor and the Consignor reasonably determines that the amount of capital required to be maintained by it is increased by or based upon the existence of Fixed Rate Consignments made or deemed to be made pursuant hereto, then the Consignor may notify the Company of such fact, and the Company shall pay to the Consignor from time to time upon demand, as an additional fee payable hereunder, such amount as the Consignor shall determine and certify in a notice to the Company to be an amount that will adequately compensate the Consignor in light of these circumstances for its increased costs of maintaining such capital. The Consignor shall allocate such cost increases among its customers in good faith and on equitable basis.

11.8. Certificate of Increased Costs and Capital Adequacy. A certificate setting forth any additional amounts payable pursuant to Paragraphs 11.6 and 11.7 and a brief explanation of such amounts which are due, submitted by the Consignor to the Company, shall be prima facie evidence that such amounts are due and owing.

11.9. Assignments. The Consignor shall have the unrestricted right at any time or from time to time, with the Company's consent (such consent shall only be required provided that no Event of Default has occurred and is then continuing), which shall not be unreasonably withheld, to assign all or any portion of its rights and obligations hereunder to one or more banks or other financial institutions (each, an "Assignee"), and Company agrees that it shall execute, or cause to be executed, such documents, including without limitations, amendments to this Agreement and to any other documents, instruments and agreements executed in connection herewith as the Consignor shall deem necessary to effect the foregoing. In addition, at the request of the Consignor and any such Assignee, Company shall enter into one or more new Consignment Agreements, as applicable, with any such Assignee and, if the Consignor has retained any of its rights and obligations hereunder following such assignment, to the Consignor, which new Consignment Agreement shall be issued in replacement of, but not in discharge of, the liability evidenced by the Consignment Agreement entered into by the Consignor prior to such assignment and shall reflect the amount of the respective commitments and consignment held by such Assignee and the Consignor after giving effect to such assignment. Each interest assigned hereunder shall be in an amount equal to at least Five Million Dollars (\$5,000,000) of the total commitment of the Consignor. Upon the execution and delivery of appropriate assignment documentation, amendments and any other documentation required by the Consignor in connection with such assignment, and the payment by Assignee of the purchase price agreed to by the Consignor, and such Assignee, such Assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Consignor hereunder (and under any and all other guaranties, documents, instruments and agreements executed in connection herewith) to the extent that such rights and obligations have been assigned by the Consignor pursuant to the assignment documentation between the Consignor and such Assignee, and the Consignor shall be released from its obligations hereunder and thereunder to a corresponding extent. The Consignor may furnish any information concerning the Company in its possession from time to time to prospective Assignee, provided that the Consignor shall require any such prospective Assignee to agree in writing to maintain the confidentiality of such information.

11.10. Participations. The Consignor shall have the unrestricted right at any time and from time to time, with the consent of Company (such consent shall only be required provided that no Event of Default has occurred and is then continuing), which shall not be unreasonably withheld, to grant to one or more banks or other financial institutions (each, a "Participant") participating interests in the Consignor's obligation to consign Precious Metal hereunder. Each participating interest granted hereunder shall be in an amount equal to at least Five Million Dollars (\$5,000,000) of the total commitment of the Consignor. In the event of any such grant by the Consignor of a participating interest to a Participant, the Consignor shall remain responsible for the performance of its obligations hereunder and Company shall continue to deal solely and directly with the Consignor in connection with the Consignor's rights and obligations hereunder. The Consignor may furnish any information concerning the Company in its possession from time to time to prospective Participants,

provided that the Consignor shall require any such prospective Participant to agree in writing to maintain the confidentiality of such information.

11.11. Maximum Interest. All agreements between the Company and the Consignor are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Consignor for the use or the forbearance of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof; provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Agreement shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of the Company and the Consignor in the execution, delivery and acceptance of this Agreement to contract in strict compliance with the laws of the State of New York from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the consignment documents at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limits of such validity, and if under or from circumstances whatsoever the Consignor should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements between the Company and the Consignor.

11.12. Payments.

(a) All payments (other than payments in the form of Precious Metal) shall be made by the Company at the office of the Consignor herein set forth or such other place as the Consignor may from time to time specify in writing in lawful currency of the United States of America in immediately available funds, without counterclaim or setoff and free and clear of, and without any deduction or withholding for, any taxes or other payments. (b) All payments shall be applied first to the payment of all fees, expenses and other amounts due to the Consignor (excluding purchase price for Consigned Precious Metal and consignment fees), then to accrued consignment fees and interest and the balance on account of outstanding purchase prices for Consigned Precious Metal; provided, however, that after the occurrence of an Event of Default, payments will be applied to the obligations of the Company to the Consignor as the Consignor determines in its sole discretion.

(c) If this Agreement or any payment hereunder becomes due on a day which is not a Business Day, the due date of this Agreement or payment shall be extended to the next succeeding Business Day, and such extension of time shall be included in computing interest and fees in connection with such payment. 11.13. Loss of Agreement. Upon receipt of an affidavit of an officer of the Consignor as to the loss, theft, destruction or mutilation of any security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, the Company will issue, in lieu thereof, a replacement security document of like tenor.

11.14. Pledge to Federal Reserve. The Consignor may at any time pledge all or any portion of its rights under the consignment documents to any of the twelve (12) Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C Section 341. No such pledge or enforcement thereof shall release the Consignor from its obligations under any of the consignment documents. 11.15.

Notices. All notices and other communications hereunder shall be in writing, except as otherwise provided in this Agreement; and shall be sent by any one of the following: certified mail, return receipt requested; overnight courier; confirmed telecopier; or by hand and shall be addressed (i) if to the Company, to it at the Company's Address, and (ii) if to the Consignor, to it at the Consignor's Address. Notices shall be deemed effective three (3) days after deposit in the mail, if sent by certified mail; the next Business Day, if sent by overnight courier; upon confirmation, if sent by confirmed telecopier; and upon delivery, if sent by hand. The address of any party hereto for such demands, notices and other communications may be changed by giving notice in writing at any time to the other party hereto.

11.16. Waivers in Writing. No modification or waiver of any provision of this Agreement, nor consent to any departure by the Company therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. No notice to, or demand on, the Company, in any case, shall entitle the Company to any other or future notice or demand in the same, similar or other circumstances.

11.17. Delay in Enforcement. Neither any failure or any delay on the part of the Consignor in exercising any right, power or privilege hereunder or under any other instrument given as security therefor, shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or future exercise, or the exercise of any right, power or privilege. 11.18. Severability. In the event any part of this Agreement is found to be unenforceable in any jurisdiction, the remaining provisions of this Agreement shall be binding with

the same effect as though the unenforceable part were deleted; provided, however, such provision shall continue to be enforceable in all other jurisdictions; and provided, further, however, that if a court finds such provision to be unenforceable, such court shall be entitled to modify such provision in order to make the same enforceable.

11.19. Final Agreement. This Agreement is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Agreement. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superseded by this Agreement, and no party is relying on any promise, agreement or understanding not set forth in this Agreement. This Agreement may not be amended or modified except by a written instrument describing such amendment or modification executed by the Company and Consignor.

The next page is a signature page

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

DENTSPLY INTERNATIONAL INC.

_____ By: _____
Title:

ABN AMRO Bank N.V., Australian Branch

By: _____
Title:

By: _____
Title:

EXHIBIT INDEX

Exhibit A	Authorized Representatives Letter
Exhibit B	Change in Consignment Limit
Exhibit C	Approved Locations

EXHIBIT A

(TO BE TYPED ON COMPANY'S LETTERHEAD)

, 2005

To: _____

Dear Sir or Madam:

In accordance with that certain Consignment Agreement dated the date hereof (the "Consignment Agreement") by and between the undersigned and ABN AMRO Bank N.V., Australian Branch (the "Consignor"), the undersigned hereby designates the following persons as Authorized Representatives who are authorized by and on behalf of the undersigned: (a) to transact consignment and purchase and sale transactions with the Consignor under the Consignment Facility; (b) to request that a consignment under the Consignment Facility be continued as such; and (c) to generally to bind the undersigned in any and all transactions by and between Consignor and the undersigned under the Consignment Facility:

Name	Title
Delana J. Fuller	Treasury Analyst I
Jeremy D. Lynch	Treasury Analyst II
Trudi A. Nardo	Treasury Analyst II
Volker Wagner	European Treasury Manager
Andrew M. Smith	Treasury and Risk Manager
William E. Reardon	Treasurer

The Consignor is hereby authorized to rely on this authorization until Consignor receives further written notice canceling or amending the foregoing. All capitalized terms used herein without definition shall have the meanings assigned by the Consignment Agreement.

Very truly yours, DENTSPLY
INTERNATIONAL INC.

By: _____
Title:

EXHIBIT B

_____, 200_

DENTSPLY INTERNATIONAL INC.
570 West College Avenue
York, Pennsylvania 17405

Ladies and Gentlemen:

Upon your acceptance of the terms of this letter agreement as evidenced by your execution and delivery to ABN AMRO BANK N.V., AUSTRALIAN BRANCH ("Consignor") on or before _____, 200_, of a copy of this letter, DENTSPLY INTERNATIONAL INC. (the "Company"), and the Consignor agree effective _____, 200_, to amend the definition of the Consignment Limit contained in Paragraph 1.11 of that certain Consignment Agreement dated _____, 2005, as the same may have been heretofore amended (the "Consignment Agreement"), by and between Consignor and the Company to read as follows:

"1.11. "Consignment Limit" means:

- (a) _____ Dollars (\$_____); or
- (b) such limit as Consignor and the Company may agree upon from time to time as evidenced by an amendment in substantially the form of Exhibit B attached hereto and made a part hereof or in such other form as Consignor shall require; or
- (c) such other limit as Consignor may approve in its sole discretion."

Except as amended hereby, the Consignment Agreement and all agreements securing or guaranteeing the Consignment Agreement shall remain in full force and effect and are in all respect hereby ratified and affirmed.

Very truly yours,
ABN AMRO Bank N.V., Australian Branch

By: _____
Title:

By: _____
Title:

Accepted and agreed as of the
___ day of _____, 200_.

DENTSPLY INTERNATIONAL INC.

By: _____
Title:

cc: David Vega, Senior Vice President
Fleet Precious Metal Inc.
111 Westminster Street
Providence, RI 02903

P83109.1

- 6 -
-3-

P128774.1

EXHIBIT C

APPROVED LOCATIONS

Degussa Dental GmbH

Rodenbacher Chaussee 4
D-63457 Hanau-Wolfgang
Germany

Elephant Dental

Verlengde Lageweg 10
1628 PM Hoorn
Netherlands

Ceramco, Inc. (f/k/a Degussa-Ney Dental)

65 West Dudley Town Road
Bloomfield, Connecticut 06002-1316
USA

Coimpa Ltda.

Av. Gen. Rodrigo
Otavio.512, 69077-000
Manaus-AM

Sankin Kogyo Ltd.

Nasu Factory 1382-11
Shimoishigami
Ohtawara City, Tochigi 324-0036

Degussa Dental Austria GmbH

Liesinger Flur-Gasse 2c
1235 Vienna
Austria

Ceramco Inc.

Six Terri Lane
Burlington, NJ 08016
USA

Elephant Dental GmbH

Dieselstrasse 89a
D-63165 Muhlheim am Main

Elephant Dental GmbH

Alstertor 15
D-20095 Hamburg

Elephant Dental GmbH

Philipp Haringstrasse 1
D-86157 Augsburg

Note: This is the policy for the Company's United States employees. The Company has other plans for its foreign employees that are translated in various languages with substantially the same provisions.

DENTSPLY INTERNATIONAL INC.

CODE OF
BUSINESS CONDUCT AND ETHICS

CONTENTS

0	GENERAL CODE OF CONDUCT
1.	INTRODUCTION
2.	GENERAL STANDARDS OF CONDUCT
3.	REPORTING OF VIOLATIONS
4.	GOVERNMENT INTERVIEWS OR INVESTIGATION
5.	COMPLIANCE PROCEDURES
A.	INTRODUCTION
B.	MAINTAINING AWARENESS OF THE PROGRAM
C.	COMPANY INVESTIGATIONS
D.	ONGOING EVALUATION OF PROGRAM
6.	INTERNATIONAL MATTERS
A.	INTERNATIONAL OPERATIONS
B.	SANCTIONS AND TRADE EMBARGOES
C.	ANTIBOYCOTT
7.	WAIVERS
0	SPECIFIC POLICIES
0	USE OF COMPANY FUNDS AND RESOURCES
0	CONFLICT OF INTEREST
0	PERSONAL RESPONSIBILITIES OF EMPLOYEES
0	TRADING IN DENTSPLY INTERNATIONAL INC. AND OTHER RELATED SECURITIES
0	ACCURACY OF BOOKS, RECORDS POLICY AND PUBLIC STATEMENTS
0	DISCRIMINATION AND HARASSMENT
0	ANTITRUST LAW

Code of Business Conduct

Dear Fellow Employee:

DENTSPLY International Inc. has been in business since 1899, and we are proud of the global reputation and trust we have earned. This is a reputation that we are determined to protect and enhance. Our Code of Business Conduct sets forth our guiding principles for the conduct of our business that must be followed by everyone who does business on behalf of DENTSPLY.

All employees, agents, consultants, independent contractors and representatives of DENTSPLY have the responsibility to read, understand, and abide by the principles and standards contained in this Code. It is difficult to make a policy that applies to every situation, and there will be times when the Code does not address a particular question. Applying common sense, good judgment, and integrity to every business issue will help to ensure that your decisions are consistent with DENTSPLY values and this Code. If you are an employee and you have questions, please contact your supervisor, the relevant Senior Management, or the General Counsel. If you are not an employee, please feel free to ask your DENTSPLY contact, or the General Counsel's office.

DENTSPLY's success depends upon each of us. Acting with integrity and the highest ethical standards is not only good policy, it is also good business. Every DENTSPLY employee and shareowner relies upon you to do the right thing. We know that our confidence in you is well placed.

/s/ Bret W. Wise
Bret W. Wise
Chairman of Board,
President and
Chief Executive Officer

/s/Chris Clark
Chris Clark
Executive Vice President and
Chief Operating Officer

GENERAL CODE OF CONDUCT

1. Introduction

DENTSPLY International Inc. (the "Company") has adopted this Code of Business Conduct, consisting of the components described below (the "Program"), to assist the Company and its personnel in conducting business in an ethical manner and in full compliance with the requirements of all applicable laws and regulations. It is the policy of the Company to comply with all applicable laws, including, without limitation, medical device and similar requirements, employment, discrimination, health, safety, antitrust, securities and environmental laws. No director, officer, executive or manager of the Company has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company. This Program reflects the Company's intent to operate not only in a legal manner, but in accordance with sound business ethics. The Program applies to all Company business operations and subsidiaries worldwide and to all employees, officers and directors of the Company and its subsidiaries ("personnel"), except for legal requirements which are specific to a jurisdiction. Because the Program documents may not be translated into the local language in every location where we do business, it shall be the responsibility of management responsible for those areas to communicate the general purpose and requirements of the Program.

The Program consists of 1) a Code of Business Conduct ("Code") setting forth general standards for the conduct of Company business and operations, including procedures for reporting of concerns about compliance with the Code and/or legal requirements; 2) a set of more specific policies oriented toward compliance with specific laws and requirements; and 3) procedures to help ensure that the Program is effective in preventing, detecting and taking appropriate action in regard to violations of applicable laws and the Code, such as periodic monitoring and auditing programs. All Company personnel must be aware of the contents of the Program and perform their responsibilities in a manner which is fully consistent with the Program. Because the principles described in the Code are general, Company personnel should review the specific applicable policies for specific instructions and contact their supervisors, the relevant Senior Management and/or the General Counsel's office regarding proper conduct in a particular situation in which they have any questions.

The Program will be overseen by a Corporate Compliance Committee consisting of the Company's Chief Executive Officer, Chief Operating Officer, the Chief Financial Officer and the General Counsel. The Committee will meet as necessary to review the Program, the Code and compliance activities within the Company.

The Code of Business Conduct reflects general principles to guide employees in making ethical decisions and cannot and is not intended to address every specific situation. As such, nothing in this Code prohibits or restricts the Company from taking any disciplinary action on any matters pertaining to employee conduct, whether or not they are expressly discussed in this document. The Program, including the Code, is not intended to and shall not be deemed or construed to provide any rights, contractual or otherwise, to any third parties or to any personnel of the Company or its subsidiaries. The provisions of the Program may be revised, changed or amended at any time as determined appropriate by the Company.

2. General Standards of Conduct

- A. One of the Company's strongest assets is a reputation for integrity and honesty. A fundamental principle on which the Company will operate its business is full compliance with applicable laws. The Company will also conduct its business in conformance with sound ethical standards. Achieving business results by illegal acts or unethical conduct is not acceptable.

All Company personnel shall act in compliance with the requirements of applicable law and this Code and in a sound ethical manner when conducting Company business and operations.

- B. Each Company supervisor and manager is responsible for ensuring compliance by the personnel which he or she supervises or manages with applicable law and the Code. All personnel are responsible for acquiring sufficient knowledge to recognize potential compliance issues applicable to their duties and for appropriately seeking advice regarding such issues.
- C. This Code has been distributed to all applicable Company personnel and sets forth general standards applicable to the Company's business and operations. In addition, there are a number of more detailed and specific policies covering particular business units or subject matters. The Company will communicate those specific policies to personnel who are particularly affected by them and they must be complied with in the course of the Company's business. These policies may be changed and/or additional policies may be issued from time to time.
- D. All of the Company's business transactions shall be carried out in accordance with management's general or specific directives.

- E. Company personnel shall be honest in all dealings with government agencies and representatives. No misrepresentations shall be made, and no false bills or requests for payment or other documents shall be submitted to government agencies or representatives.
- F. All of the Company books and records shall be kept in accordance with U.S. generally accepted accounting standards (U.S. GAAP) or other applicable local or statutory principles with reconciliation to U.S. GAAP. All transactions, payments, receipts, accounts and assets shall be completely and accurately recorded on the Company's books and records on a consistent basis. No payment shall be approved or made with the intention or understanding that it will be used for any purpose other than that described in the supporting documentation for the payment. All internal financial and other control procedures shall be followed.

3. Reporting of Violations

- A. Illegal acts or improper conduct may subject the Company (and its employees) to severe civil and criminal penalties, including large fines and being barred from certain types of business. It is therefore very important that any suspected illegal activity or violations of the Code be promptly brought to the Company's attention.
- B. Any Company personnel who believes or becomes aware that any violation of this Code, including violation of applicable accounting, internal controls or auditing matters, or any suspected illegal activity has been engaged in by Company personnel or by non-employees acting on the Company's behalf shall promptly report the violation or activity in person, by phone or in writing, to one of the following persons:

1. The personnel's immediate supervisor, business unit or department head or another senior manager.
2. The General Counsel or another attorney in the Company's Legal Department.
3. The Chief Financial Officer or Director of Internal Audit.

To the extent an employee is uncomfortable contacting any of the above people, employees should contact the Chief Executive Officer, the Chief Operating Officer or a Senior Vice President.

- C. Company personnel may report suspected illegal acts or a violation of this Code anonymously. To the extent practical and appropriate under the circumstances and as permitted by law, the Company will take reasonable precautions to maintain the confidentiality of those individuals who report illegal activity or violations of this Code and of those individuals involved in the alleged improper activity, whether or not it turns out that improper acts occurred. Anonymous reports may be made by phone, web reporting or letter. Reports by phone can be made to a third party hotline service at 800-461-9330, reports by letter should be directed to the General Counsel's office, and web reporting can be made at the following web addresses: www/dentsply.com/report or

www/mysafeworkplace.com.

- D. It shall be a violation of this Code if personnel fail to report a known illegal activity or violation of the Code. If you have a question about whether particular acts or conduct may be illegal or violate the Code, you should contact one of the persons listed above in subsection B. It shall be a violation of this Code if personnel to whom a suspected illegal act or violation of the Code is reported fail to ensure that the act or violation of the Code comes to the attention of the General Counsel's office, the Director of Internal Audit or a member of the Corporate Compliance Committee.

If the suspected illegal acts or conduct in violation of the Code involve a person to whom such acts or violations might otherwise be reported, the acts or violation should be reported to another person to whom reporting is appropriate.

- E. It is Company policy to promptly and thoroughly investigate reports of suspected illegal activity or violations of this Code. Company personnel must cooperate with these investigations. It shall be a violation of this Code for personnel to prevent, hinder or delay discovery and full investigation of suspected illegal acts or violations of this Code.
- F. No reprisals or disciplinary action will be taken or permitted against personnel for good faith reporting of, or cooperating in the investigation of, suspected illegal acts or violations of this Code. It shall be a violation of this Code for Company personnel to punish or conduct reprisals against other personnel for making a good faith report of, or cooperating in the investigation of, suspected illegal acts or violations of this Code.
- G. Personnel who violate the Code or commit illegal acts are subject to disciplinary action, up to and including dismissal from the Company. Personnel who report their own illegal acts or improper conduct, however, will have such self-reporting taken into account in determining the appropriate disciplinary action.

4. Government Interviews or Investigation

- A. The Company and its personnel shall cooperate fully and promptly with appropriate government investigations into possible civil and criminal violations of the law. It is important, however, that in this process, the Company is able to protect the legal rights of the Company and its personnel. To accomplish these objectives, any governmental inquiries or requests for information, documents or interviews, other than routine operating inspections (e.g., OSHA, FDA, etc.), should be promptly referred to the General Counsel's office.

5. Compliance Procedures

- A. Introduction. The Purpose of these procedures is to increase awareness of the Program and Code, facilitate internal reporting of any suspected violation of the law or the Code and ensure that any reported violations are fully investigated and that the Company responds appropriately to any violations.

B. Maintaining Awareness of the Program

1. A copy of the Code, which includes a description of how to report suspected violations of the law or the Code, will be provided to employees of the Company.
2. New employees will be provided a copy of the Code upon their employment.
3. Applicable employees will periodically be required to sign a form stating their awareness of and compliance with the Code and the Program.

4. A copy of the Code and a description of the violation-reporting procedure will be available to all Company employees.
5. The Internal Audit Department shall, as it determines appropriate, include in its audits a review of awareness of and compliance with the Code, particularly with regard to management employees or other employees who are in a position to engage in conduct which may not be easily observed by other employees, or in a position where there is frequent involvement in activities which may carry a significant risk of liability.
6. The General Counsel's office, in cooperation with other relevant departments, shall create and distribute policies and/or guides applicable to the Company's business and shall periodically review compliance of the Company and its business units with applicable law.

C. Company Investigations

1. If a report of potential illegal acts or conduct in violation of the Code is made, it shall promptly be brought to the attention of the General Counsel.
2. The General Counsel shall oversee the investigation of any report of suspected illegal acts or violation of the Code, utilizing appropriate legal, internal audit and other department personnel and shall involve outside legal counsel or the Company's independent auditors when appropriate.

3. Reports of suspected illegal acts or violations of the Code shall be promptly investigated; such investigations may include interviews of employees and external parties and the review of relevant documents or other materials. The investigation will be conducted in a manner which, to the degree reasonable, protects any applicable legal privileges in regard to the investigation.
4. Once an investigation is completed, if determined appropriate by the General Counsel, the Corporate Compliance Committee and appropriate management of the Company shall be apprised and evaluate the results of the investigation and decide if any corrective, disciplinary or other action is warranted and shall direct and oversee implementation of any such action.
5. The Audit Committee of the Board of Directors, Executive Committee of the Board of Directors or the full Board of Directors shall be informed, as determined appropriate by the Corporate Compliance Committee or as required by law, regarding investigations and any actions taken or to be taken as a result of investigations under the Code.

D. Ongoing Evaluation of Program

1. The Company will monitor and audit compliance with the Code and applicable laws.
2. The Corporate Compliance Committee will review the effectiveness and content of the Program on a regular periodic basis. The Code and other compliance policies will be updated as appropriate.

6. International Matters

A. International Operations. Laws and customs vary throughout the world,

but all employees must uphold the integrity of the Company in other nations as diligently as they would do so in the United States. When conducting business in other countries, it is imperative that employees be sensitive to foreign legal requirements and United States laws that apply to foreign operations, including the Foreign Corrupt Practices Act. The Foreign Corrupt Practices Act generally makes it unlawful to give anything of value to foreign government officials, foreign political parties, party officials, or candidates for public office for the purposes of obtaining, or retaining, business for the Company. Employees should contact the Internal Audit or Legal Department if they have any questions concerning a specific situation.

B. Sanctions and Trade Embargoes. The United States government uses

economic sanctions and trade embargoes to further various foreign policy and national security objectives. Employees must abide by all economic sanctions or trade embargoes that the United States has adopted, whether they apply to foreign countries, political organizations or particular foreign individuals and entities. Inquires regarding whether a transaction on behalf of the Company complies with applicable sanction and trade embargo programs should be referred to the Legal Department.

C. Antiboycott. Certain countries have adopted boycott laws which are designed to discourage companies from doing business with Israel. Laws in the United States make it illegal for companies to abide by or acknowledge such boycotts.

7. Waivers

It is recognized that a rare circumstance might arise in which the Code should not apply. No waivers of the provisions of this Code to any Director or Executive Officer shall be made or granted unless approved by the Board of Directors (or a designated Committee of the Board) of the Company. Any such waiver shall be promptly disclosed by the Company.

USE OF COMPANY FUNDS AND RESOURCES

One critical element of the Company's reputation for integrity is its adherence to both legal and generally accepted ethical standards governing the use of Company funds and resources. The following directives provide specific standards of conduct to be followed:

1. No funds shall be used for any purpose which would be in violation of any applicable law; or to make payments to, or for the benefit of, domestic or foreign government employees; provided that gratuities in small amounts may be paid to foreign government employees if such gratuities merely enable the Company to receive services to which it would otherwise be entitled.
2. Funds or assets shall not be used, directly or indirectly, to make gifts to, provide entertainment for, or furnish assistance in the form of transportation or other services to, government employees or public officials, if such gifts, entertainment, or assistance would be a violation of governmental regulations or would adversely reflect on the Company's or the officials' integrity or reputation.
3. All assets and liabilities must be recorded in the regular books of the Company and its subsidiaries; no undisclosed or unrecorded funds or assets shall be established for any purpose; no false or artificial entries shall be made in the books and records for any reason; and no payments shall be approved or made with the intention or understanding that any part of such payments are to be used for any purpose other than that described by the material supporting the disbursement.
4. No direct or indirect political contributions shall be made with Company funds without the express approval of the Board of Directors and subject to review by the Company's General Counsel as to the legality of such contributions.
5. Any officer or employee who has information or knowledge of any violation of these directives shall promptly report the matter to the General Counsel or the appropriate corporate or divisional officer.

6. All officers and managers are obligated to seek advice and guidance from the Company's Legal Department in order to insure compliance with all applicable laws, rules and regulations.
7. All managers shall be responsible for the enforcement of, and compliance with, all policies of the Company, including distribution and communications to insure employee knowledge thereof and compliance therewith.

CONFLICT OF INTEREST

Directors and employees of the Company are expected to avoid involvements or situations which could interfere, or appear to interfere, with the impartial discharge of their responsibilities. Therefore, these persons shall NOT, for their own account or for the account of any other person, directly or indirectly:

1. Seek to profit from information about the business affairs, financial position, or any transactions of the Company which have not been publicly disseminated.
2. Divert to themselves or others any business or investment opportunity in which the Company is or might be interested if aware of the opportunity.
3. Become a director or officer of any firm or obtain any financial interest (other than the acquisition of publicly traded securities which do not exceed 3% of such enterprise or of such person's net worth) in any firm supplying goods or services to the Company or which purchases goods or services from the Company, unless authorized by the Board of Directors.
4. Have a proprietary interest in or participate in any business enterprise involving the manufacture or sale of any product which is competitive with or similar to products produced by the Company, or involving the offering of any type of services competitive with or similar to services offered by the Company. In addition, any conduct which might give rise to potential for misuse of the Company's trade secrets or confidential business information is also prohibited. However, this policy shall not preclude an investment interest in publicly held corporations which manufacture and sell such products or offer such services within the limits described in Paragraph 3 above.
5. Give or accept personal gifts, payments, favors, special considerations, discounts, etc. which are of more than a normal value, unless approved by the employee's manager. Common social amenities may be given or accepted without manager approval only if they are of the type that are normally associated with accepted business practice within the industry or relative work discipline. Additional management approval beyond the employee's manager should be secured if any doubt exists with respect to a particular item or situation.

6. Enter into personal transactions with suppliers of the Company or with customers of the Company other than on terms and conditions as are available to the public, except as disclosed to the Audit Committee of the Board of Directors.

PERSONAL RESPONSIBILITIES OF EMPLOYEES

All employees are expected to maintain high ethical standards in their actions and working relationships with customers, fellow employees, competitors, representatives of government, communication media and others. All employees of the Company are expected to act in business matters with dual responsibility to the public interest and the Company's interest, above their own.

In addition to being in compliance with all Company policies, all employees must also be in compliance with the following:

- o Any employee who has information or knowledge of any violation of any Company Policies or any violation of a legal obligation or requirement shall promptly report the matter to their manager/supervisor, to any corporate or divisional officer, or to the General Counsel.
- o All confidential information about the Company, including inventions, discoveries, formulas, trade secrets, customer lists, employee data, etc., as well as confidential information acquired by the Company from another company, individual or entity subject to a secrecy and proprietary rights agreement, shall be kept confidential during and subsequent to the period of employment with the Company.
- o Information gathered on competitors, customers, suppliers, etc., must be acquired legally and in a manner consistent with the Company's high level of ethics and proper business conduct. Employees on the receiving end of another company's confidential information should alert their supervisor of the situation, who in turn should seek guidance from the Legal Department.

It is recognized that in many situations and issues involving ethical or moral judgment, it may be difficult to determine the right course of action with certainty. In such instances, employees shall not rely solely on their own judgment, but shall discuss the matter in full with their respective manager/supervisor. In such instances, full disclosure of the facts in a timely fashion and to the proper management level will serve to meet the employees' responsibilities with respect to this Policy.

TRADING IN DENTSPLY INTERNATIONAL INC. AND OTHER RELATED SECURITIES

Federal laws and regulations prohibit purchases and sales of the Company's stock and other related securities by directors, officers and employees on the basis of material information which is not generally available to the public. The passing of such inside information - "tipping" - to outsiders who may then trade on it is also prohibited. To assure compliance with these laws, the following rules apply to directors, officers and employees of the Company.

1. They shall not purchase or sell or otherwise trade in securities of the Company or derivative securities, such as listed stock options, while in possession of material, non-public information about the Company.
2. For purposes of this policy, the term "material information" means that information as to which there is a substantial likelihood that the information would be viewed by a reasonable investor as significantly altering the "total mix" of information available in making investment decisions.
3. "Non-public information" is that information which has not become generally available to the investing public, through such channels as the Company's publications, e.g., press releases, Annual and Interim Reports to Stockholders, Proxy Statements and SEC filings; as well as news articles, stock analysts' reports and like writings about the Company and subjects relating to its businesses.

4. They shall not divulge confidential - and possibly material - information about the Company, either to other employees or to outsiders, except on a "need-to-know" basis.
5. They shall not buy or sell securities of any other company about which material non-public information has been obtained through the performance of their position responsibilities at DENTSPLY International Inc.

Should there be any questions concerning the above with regard to any particular transaction involving DENTSPLY International Inc. securities or other related securities, please consult with the Legal Department prior to taking any action.

ACCURACY OF BOOKS, RECORDS POLICY AND PUBLIC STATEMENTS

The Company's financial records should accurately reflect the nature and purpose of all transactions.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, you must consult the Legal Department before taking any action with respect to any such records.

The Company's public statements, including press releases and public filings, shall not contain any material incorrect information and shall not omit any information necessary to make the statements contained therein not misleading. Required filings with the Securities and Exchange Commission ("SEC") shall be complete, timely and in compliance with the requirements of the SEC.

DISCRIMINATION AND HARASSMENT

The Company provides equal employment opportunities to all employees and applicants for employment without regard to race, color, religion, sex, national origin, age, non-job related disability, or status as a Vietnam-era or special disabled veteran in accordance with all applicable federal, state and local laws, including executive orders as appropriate for any federal contracts. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation and training.

The Company expressly prohibits any form of employee harassment. This policy extends not only to the Company's employees, but also to all persons with whom the Company's employees deal, such as suppliers and customers.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and all other verbal or physical conduct of a sexual or otherwise offensive nature, and is prohibited especially where (a) submission to such conduct is made either explicitly or implicitly a term or condition of employment; (b) submission to or rejection of such conduct is used as the basis for decisions affecting an individual's employment; or (c) such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment. Furthermore, offensive comments, jokes, innuendoes, pictures, cartoons and other sexually oriented documents and statements are prohibited.

Each member of management is responsible for creating an atmosphere free of discrimination and harassment, sexual or otherwise. Further, employees are responsible for respecting the rights of their co-workers and expected to conduct themselves in a business-like manner at all times.

If an employee experiences any improper job-related harassment or believes they have been treated in an unlawful, discriminatory manner, they should first attempt to resolve the problem with the individual exhibiting the conduct toward them. If attempting to resolve the issue themselves is inappropriate or not successful, they should promptly report the occurrence to their supervisor, a member of management, or to a representative of the Human Resources Department. The Human Resources Department will investigate all matters related to discrimination and/or harassment and take proper action.

If the Company determines that an employee has engaged in harassment or other prohibited conduct, appropriate disciplinary action will be taken, up to and including termination of employment.

The Company prohibits any form of retaliation against any employee for filing a legitimate complaint under this policy or for assisting in a complaint investigation.

ANTITRUST LAW

The antitrust laws generally are intended to promote the free enterprise system by eliminating artificial restraints on competition. Violations of the antitrust laws can subject violators to criminal penalties and civil damages, and individuals to criminal penalties, imprisonment or both. These laws are often complex and not easily understood. Nevertheless, it has always been the uncompromising policy of the Company that its employees will comply strictly with such laws. Certain activities are legally deemed to be inherently anti-competitive and no defense of any kind will be permitted to justify or excuse the conduct. Other activities will constitute violations if they are anti-competitive and cannot otherwise be justified. It is difficult to provide specific directives governing employee conduct involved in such "rule of reason" activities because of the fact specific nature of antitrust analysis. However, based on well-established court decisions, no director, officer or employee should engage in any of the following conduct without first discussing the circumstances with the General Counsel.

1. Discuss with competitors past, present or future prices of or marketing plans for, any of the Company's products; or past, present or future prices paid or to be paid for products or materials purchased by the Company, or other business information affecting such prices ("price" includes all terms of sale, including discounts, allowances, promotional programs, credit terms and the like).
2. Discuss with competitors the division or allocation of markets, territories or customers, or discuss with customers the division or allocation among customers of their markets, territories or customers.
3. Discuss with competitors or customers the boycotting of third parties.
4. Reach an agreement or understanding with a customer on the specific price at which the customer will resell the Company's products.

Whenever an employee becomes involved in any activity in which a competitive restraint may be present or that could lead to a problem under the antitrust laws, he or she should consult with a member of the Legal Department before taking any action.

Subsidiaries of DENTSPLY International Inc. (the "Company")

A. Direct Subsidiaries of the Company

- 1) DENTSPLY Prosthetics U.S. LLC (Delaware)
- 2) Ceramco Manufacturing B.V. (Netherlands)
- 3) CeraMed Dental, LLC (Delaware)
- 4) GAC International LLC (New York) a) Orthodontal International, Inc. b) Orthodontal S.A. de C.V. (Mexico)
- 5) DENTSPLY Finance Co. (Delaware) a) Dentsply Chile Comercial Limitada (Chile) b) Dentsply Luxembourg, S.a.r.l. (Luxembourg)
- 6) DENTSPLY North America LLC (Delaware)
- 7) Dentsply Argentina S.A.C.e.I. (Argentina)
- 8) Dentsply Industria e Comercio Ltda. (Brazil)
- 9) DeTrey do Brasil Industria e Comercio Ltda. (Brazil)
- 10) Dentsply Mexico S.A. de C.V. (Mexico)
- 11) Dentsply India Pvt. Ltd. (India)
- 12) Dentsply (Philippines) Inc. (Philippines)
- 13) Dentsply (Thailand) Ltd. (Thailand)
- 14) Dentsply Dental (Tianjin) Co. Ltd. (China)
- 15) Dentsply Tianjin International Trading Co. Ltd. (China)
- 16) Dentsply Korea Limited
- 17) Ceramco Europe Limited (Cayman Islands) a) Ceramco UK Limited (Dormant)
- 18) Dentsply LLC (Delaware)
- 19) Dentsply S.C. Inc. (Delaware)
- 20) Dentsply N.A. Inc. (Delaware)
- 21) Raintree Essix Inc. (Delaware)
- 22) Glenroe Technologies, Inc. (Florida)
- 23) Dentsply Israel Ltd.
- 24) Ransom & Randolph Company (Delaware)
- 25) EndoAction, Inc.
- 26) Dentsply (Guangzhou) Refractories Ltd.
- 27) Tulsa Dental Products LLC (Delaware) a) Tulsa Finance Co. (Delaware) b) Tulsa Manufacturing Inc. (Delaware)
- 28) Dentsply Australia Pty. Ltd. (Australia (Victoria)) a) Dentsply (NZ) Limited (New Zealand)
- 29) Dentsply Canada Ltd. (Canada (Ontario))
- 30) PT Dentsply Indonesia (Indonesia)
- 31) The International Tooth Co. Limited (United Kingdom)
- 32) Dentsply Services (Switzerland) S.a.r.l. (Switzerland)
- 33) Prident International, Inc. (California)
 - a) Prident (Shanghai) Dental Medical Devices Co., Ltd. (China)
- 34) DENTSPLY Holding Company
 - a) Dentsply Espana SL (Spain)
 - b) DENTSPLY-Sankin K.K. (Japan) 1) Sankin Laboratories K.K. (Japan)

c) DeguDent Industria e Comercio Ltda. (Brazil) 1) DeguDent da Amazonia Industria e Comercio Ltda. (Brazil) 2) Degpar Participacoes e Empreendimentos S.A. (Brazil) (a) Probem Laboratorio de Produtos Farmaceuticos e Odontologicos S.A. (Brazil)

d) Dentsply EU Holding S.a.r.L (Luxembourg) 1) Dentsply Europe S.a.r.l. (Luxembourg)

B. Subsidiaries of Dentsply Europe S.a.r.L.

1) Dentsply Germany Holdings GmbH (Germany) a) VDW GmbH (Germany) b) Dentsply DeTrey GmbH (Germany) c) Friadent GmbH (Germany)

d) DeguDent GmbH (Germany)

1) Ducera Dental Verwaltungs-ges.m.b.H. (Germany) e) Elephant Dental GmbH (Germany)

2) Elephant Dental B.V. (Netherlands) a) Cicero Dental Systems B.V. (Netherlands) b) DeguDent Benelux B.V. (Netherlands) c) Dental Trust B.V. (Netherlands)

3) DeguDent Austria Handels GmbH (Austria)

4) Dentsply Limited (Cayman Islands) a) Dentsply Holdings Unlimited (U.K.) b) Dentsply Russia Limited (U.K.) c) Amalco Holdings Ltd (U.K., Dormant) d) Keith Wilson Limited (U.K., Dormant) e) Oral Topics Limited (U.K., Dormant) f) AD Engineering Company Limited (Dormant)

5) Dentsply Italia Srl (Italy)

6) Dentsply France S.A.S. (France)

7) Dentsply South Africa (Pty) Limited (South Africa)

8) Dentsply Benelux S.a.r.L. (Luxembourg)

9) Friadent Schweiz AG (Switzerland)

10) Dentsply Friadent Benelux N.V. (Belgium)

11) Friadent Scandinavia AB(Sweden)

12) Friadent Denmark ApS (Denmark)

13) Friadent Brasil Ltda. (Brazil)

14) Dentsply DeTrey Sarl (Switzerland)

15) Maillefer Instruments Holding S.a.r.l. (Switzerland) a) Maillefer Instruments Trading S.a.r.l. (Switzerland) b) Maillefer Instruments Consulting S.a.r.l. (Switzerland) c) Maillefer Instruments Manufacturing S.a.r.l. (Switzerland)

d) GAC, SA (Switzerland) 1) GAC GmbH (Germany) 2) GAC Norge Sa (Norway) 3) SOF SA (France)

16) Defradental, SpA (Italy)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-71792, 333-56093, and 333-101548) of DENTSPLY International Inc. of our report dated February 23, 2007 relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Philadelphia, PA
February 23, 2007

Exhibit 31.1

Section 302 Certifications Statement

I, Bret W. Wise, certify that:

1. I have reviewed this Form 10-K of DENTSPLY International Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2007

/s/ Bret W. Wise

Bret W. Wise
Chairman of the Board, President, and
Chief Executive Officer

Section 302 Certifications Statement

I, William R. Jellison, certify that:

1. I have reviewed this Form 10-K of DENTSPLY International Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2007

/s/ William R. Jellison
William R. Jellison
Senior Vice President and
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of DENTSPLY International Inc. (the "Company") on Form 10-K for the year ending December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), We, Bret W. Wise, Chairman of the Board of Directors, President, and Chief Executive Officer of the Company and William R. Jellison, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge and belief:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of the date of the Report.

/s/ Bret W. Wise
Bret W. Wise
Chairman of the Board, President, and
Chief Executive Officer

/s/ William R. Jellison
William R. Jellison
Senior Vice President and
Chief Financial Officer

Date: February 23, 2007