SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2001

OR

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

For the transition period from _____ to _____

Commission File Number 0-16211

DENTSPLY International Inc.

(Exact name of registrant as specified in its charter)

Delaware 39-1434669

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

570 West College Avenue, P. O. Box 872, York, PA 17405-0872

(Address of principal executive offices) (Zip Code)

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

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.

(X) Yes ( ) No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At August 5, 2001 the Company had 51,819,452 shares of Common Stock outstanding, with a par value of $.01 per share.

DENTSPLY INTERNATIONAL INC.
FORM 10-Q

For Quarter Ended June 30, 2001

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DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
	(in thousands, except per share amounts)			
Net sales	$ 254,635	$ 224,788	$ 500,304	$ 438,744
Cost of products sold	120,908	106,357	236,763	209,838
Gross profit	133,727	118,431	263,541	228,906
Selling, general and administrative expenses 89,391	78,700	178,784	152,435	
Restructuring costs (Note 6)	--	--	5,500	--
Operating income	44,336	39,731	79,257	76,471
Other income and expenses:				
Interest expense	4,296	2,679	7,877	5,679
Interest income	(240)	(452)	(484)	(841)
Other (income) expense, net	(888)	169	(23,720)	192
Income before income taxes	41,168	37,335	95,584	71,441
Provision for income taxes	13,764	12,708	33,854	24,622
Net income	$ 27,404	$ 24,627	$ 61,730	$ 46,819
Earnings per common share (Note 3):				
Basic	$ 0.53	$ 0.47	$ 1.19	$ 0.90
Diluted	0.52	0.47	1.18	0.89
Cash dividends declared per common share	$ 0.06875	$ 0.06250	$ 0.13750	$ 0.12500
Weighted average common shares outstanding:				
Basic	51,748	51,912	51,695	52,113
Diluted	52,618	52,378	52,471	52,459

See accompanying notes to unaudited interim consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(unaudited)

	June 30, 2001	December 31, 2000
	(in thousands)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 16,960	$ 15,433
Accounts and notes receivable-trade, net	136,452	133,643
Inventories, net (Notes 1 and 5)	154,672	133,304
Prepaid expenses and other current assets	41,871	43,074
Total Current Assets	349,955	325,454
Property, plant and equipment, net	185,515	181,341
Identifiable intangible assets, net	165,094	80,730
Costs in excess of fair value of net assets acquired, net	410,432	264,023
Other noncurrent assets	51,827	15,067
Total Assets	$ 1,162,823	$ 866,615
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 45,063	$ 45,764
Accrued liabilities	101,220	88,058
Income taxes payable	36,015	33,522
Notes payable and current portion of long-term debt	1,480	794
Total Current Liabilities	183,778	168,138
Long-term debt	340,116	109,500
Deferred income taxes	25,257	16,820
Other noncurrent liabilities	46,642	47,226
Total Liabilities	595,793	341,684
Minority interests in consolidated subsidiaries	4,355	4,561
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, $.01 par value; .25 million shares authorized; no shares issued	--	--
Common stock, $.01 par value; 100 million shares authorized; 54.3 million shares issued at June 30, 2001 and December 31, 2000	543	543
Capital in excess of par value	152,945	151,899
Retained earnings	544,783	490,167
Accumulated other comprehensive loss	(67,519)	(49,296)
Unearned ESOP compensation	(4,179)	(4,938)
Treasury stock, at cost, 2.5 million shares at June 30, 2001 and 2.6 million at December 31, 2000	(63,898)	(68,005)
Total Stockholders' Equity	562,675	520,370
Total Liabilities and Stockholders' Equity	$ 1,162,823	$ 866,615

See accompanying notes to unaudited interim consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30,	
	2001	2000
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 61,730	$ 46,819
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	12,999	11,932
Amortization	13,428	9,709
Restructuring and other costs	5,500	--
Gain on sale of business	(23,121)	--
Other, net	1,010	(3,812)
Net cash provided by operating activities	71,546	64,648
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(201,691)	1,274
Additional consideration for prior purchased businesses	(84,627)	--
Capital expenditures	(24,376)	(13,510)
Other, net	1,085	(865)
Net cash used in investing activities	(309,609)	(13,101)
Cash flows from financing activities:		
Proceeds from long-term borrowings, net of deferred financing costs	283,436	79,194
Payments on long-term borrowings	(52,229)	(102,868)
(Decrease) increase in short-term borrowings	(3,573)	1,088
Cash paid for treasury stock	(875)	(26,500)
Cash dividends paid	(7,101)	(6,541)
Other, net	5,068	2,279
Net cash provided by (used in) financing activities	224,726	(53,348)
Effect of exchange rate changes on cash and cash equivalents	14,864	1,417
Net increase (decrease) in cash and cash equivalents	1,527	(384)
Cash and cash equivalents at beginning of period	15,433	7,276
Cash and cash equivalents at end of period	$ 16,960	$ 6,892

See accompanying notes to unaudited interim consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

June 30, 2001

The accompanying unaudited interim consolidated condensed financial statements reflect all adjustments (consisting only of normal recurring adjustments) which in the opinion of management are necessary for a fair statement of financial position, results of operations and cash flows for the interim periods. These interim financial statements conform to the requirements for interim financial statements and consequently do not include all the disclosures normally required by generally accepted accounting principles. Disclosures included in the Company's most recent Form 10-K filed March 20, 2001 are updated where appropriate.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated condensed financial statements include the accounts of DENTSPLY International Inc. (the "Company") and its subsidiaries.

Inventories

Inventories are stated at the lower of cost or market. At June 30, 2001, the cost of $14.9 million or 10% of inventories was determined by the last-in, first-out (LIFO) method. At December 31, 2000, the cost of $14.0 million or 10% 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 method.

Pre-tax income was $0.3 million lower in the six months ended June 30, 2001 and $0.2 million lower for the same period in 2000 as a result of using the LIFO method compared to the first-in, first-out (FIFO) method. If the FIFO method had been used to determine the cost of the LIFO inventories, the amounts at which net inventories are stated would be higher than reported at June 30, 2001 by $0.1 million and lower than reported at December 31, 2000 by $0.2 million.

NOTE 2 - COMPREHENSIVE INCOME

The components of comprehensive income are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
	(in thousands)			
Net income	$ 27,404	$ 24,627	$ 61,730	$ 46,819
Foreign currency translation adjustments	(1,907)	(811)	(16,787)	(5,085)
Cumulative effect of change in accounting principle for derivative and hedging activities (SFAS 133)	--	--	(503)	--
Net loss on derivative financial instruments	538	--	(933)	--
Total comprehensive income	$ 26,035	$ 23,816	$ 43,507	$ 41,734

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

	June 30, 2001	December 31, 2000
	(in thousands)	
Foreign currency translation adjustments	$ (65,412)	$ (48,625)
Net loss on derivative financial instruments	(1,436)	-
Minimum pension liability	(671)	(671)
	$ (67,519)	$ (49,296)

NOTE 3 - EARNINGS PER COMMON SHARE

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
	(in thousands, except per share amounts)			
Basic EPS Computation				
Numerator (Income)	$27,404	$24,627	$61,730	$46,819
Denominator:				
Common shares outstanding	51,748	51,912	51,695	52,113
Basic EPS	$ 0.53	$ 0.47	$ 1.19	$ 0.90
Diluted EPS Computation				
Numerator (Income)	$27,404	$24,627	$61,730	$46,819
Denominator:				
Common shares outstanding	51,748	51,912	51,695	52,113
Incremental shares from assumed exercise of dilutive options	870	466	776	346
Total shares	52,618	52,378	52,471	52,459
Diluted EPS	$ 0.52	$ 0.47	$ 1.18	$ 0.89

Options to purchase 2,600 and 84,300 shares of common stock that were outstanding during the quarter ended June 30, 2001 and 2000, 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. Antidilutive options outstanding during the six months ended June 30, 2001 and 2000 were 36,600 and 579,200, respectively.

NOTE 4 - BUSINESS ACQUISITIONS/DIVESTITURES

In December 2000, the Company agreed to acquire all the outstanding shares of Friadent GmbH ("Friadent") for 220 million German marks or $106 million ($104.7 million, net of cash acquired). The acquisition closed in January 2001. Headquartered in Mannheim, Germany, Friadent is a major global dental implant manufacturer and marketer with subsidiaries in Germany, France, Denmark, Sweden, the United States, Switzerland, Brazil, and Belgium.

In December 2000, the Company agreed to sell InfoSoft, LLC to PracticeWorks, Inc. InfoSoft, LLC, a wholly owned subsidiary of the Company, develops and sells software and related products for dental practice management. PracticeWorks is the dental software management and dental claims processing company which was spun-off by Infocure Corporation (NASDAQ-INCX). The transaction closed in March 2001. In the transaction, the Company received 6.5% convertible preferred stock in PracticeWorks, with a fair value of $32 million, which is included in "Other noncurrent assets" on the balance sheet. These preferred shares are convertible into 9.8% of PracticeWorks common stock. If not previously converted, the preferred shares are redeemable for cash after 5 years. This sale has resulted in a $23.1 million pretax gain. The Company will measure recoverability on this investment on a periodic basis.

In January 2001, the Company agreed to acquire the dental injectible anesthetic assets of AstraZeneca ("AZ"), including licensing rights to the dental trademarks, for $136.5 million and royalties on future sales of a new anesthetic product for scaling and root planing (Oraqix(TM)) that is currently in Stage III clinical trials. The $136.5 million purchase price is composed of the following: an initial $96.5 million payment which was made at closing in March 2001; a $20 million contingency payment associated with sales of injectible dental anesthetic; a $10 million milestone payment upon submission of an Oraqix New Drug Application (NDA) in the U.S., and Marketing Authorization Application (MAA) in Europe; and a $10 million milestone payment upon approval of the NDA and MAA.

In August 1996, the Company purchased a 51% interest in CeraMed Dental ("CeraMed") for $5 million with the right to acquire the remaining 49% interest. In March 2001, the Company entered into an agreement for an early buy out of the remaining 49% interest in CeraMed at a cost of $20 million with a potential contingent consideration ("earn-out") provision capped at $5 million. The acquisition of the remaining 49% was made on July 1, 2001. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets", the goodwill associated with this acquisition will not be amortized. The earn-out is based on future sales of CeraMed products during the August 1, 2001 to July 31, 2002 time frame with any additional pay out due on September 30, 2002.

Certain assets of Tulsa Dental Products LLC were purchased in January 1996 for $75.1 million, plus $5.0 million paid in May 1999 related to earn-out provisions in the purchase agreement based on performance of the acquired business. The purchase agreement provided for an additional earn-out payment based upon the operating performance of the Tulsa Dental business for one of the three two-year periods ending December 31, 2000, December 31, 2001 or December 31, 2002, as selected by the seller. The seller chose the two-year period ended December 31, 2000 and the final earn-out payment of $84.6 million was made in May 2001.

In May 2001, the Company entered into an agreement to purchase Degussa Dental Group ("Degussa Dental"), a unit of Degussa AG, for 576 million euros or approximately $500 million. Degussa Dental is a global provider of dental materials to the professional dental products industry, specializing in precious metal dental alloys and ceramics. It is the world's second largest dental company and the market leader in Germany and Europe and the only significant non-domestic dental company in the Japanese market. Headquartered in Hanau-Wolfgang, Germany since 1992, Degussa Dental Group has modern production facilities throughout the world. This transaction is expected to close late in the third quarter or early in the fourth quarter of 2001.

The acquisitions above were accounted for under the purchase method of accounting; accordingly, the results of their operations are included in the accompanying financial statements since the respective dates of the acquisitions. The purchase prices plus direct acquisition costs have been allocated on the basis of estimated fair values at the dates of acquisition, pending final determination of the fair value of certain acquired assets and liabilities. The preliminary purchase price allocations for Friadent and AZ are as follows:

	Friadent	AZ
Current assets	$ 15,594	$ --
Property, plant and equipment	3,872	6,593
Identifiable intangible assets and costs in excess of fair value of net assets acquired	97,227	90,204
Other long-term assets	460	--
Current liabilities	(12,259)	--
	$ 104,894	$ 96,797

Assuming that the acquisitions of Friadent and AZ had occurred on January 1, 2000, the results of operations would have approximated the following in comparison to the reported results:

	As Reported		Pro Forma with AZ and Friadent	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Net sales	$ 500,304	$ 438,744	$ 508,093	$ 498,517
Net income	61,730	46,819	62,158	48,406
Earnings per common share				
Basic	$ 1.19	$ 0.90	$ 1.20	$ 0.93
Diluted	1.18	0.89	1.18	0.92

NOTE 5 - INVENTORIES

Inventories consist of the following:

	June 30, 2001	December 31, 2000
	(in thousands)	
Finished goods	$ 98,452	$ 84,436
Work-in-process	26,150	22,102
Raw materials and supplies	30,070	26,766
	$ 154,672	$ 133,304

NOTE 6 - RESTRUCTURING AND OTHER COSTS

In the first quarter of 2001, the Company recorded a pre-tax charge of $5.5 million related to reorganizing certain functions within Europe, Brazil and North America. The primary objectives of this reorganization were to consolidate duplicative functions and to improve efficiencies within these regions and are expected to contribute to future earnings. Included in this charge were severance costs of $3.1 million and other costs of $2.4 million. The restructuring plan will result in the elimination of approximately 330 administrative and manufacturing positions in Brazil and Germany. Approximately 45 of these positions remain to be eliminated. The Company anticipates that most aspects of this plan will be completed, and the benefits of the restructuring will begin to be realized, by the first quarter of 2002. The major components of this restructuring charge and the remaining outstanding balances are as follows:

	2001 Provision	Amounts Applied During 2001	Balance June 30, 2001
	(in thousands)		
Severance	$ 3,130	$ (873)	$ 2,257
Other costs	2,370	-	2,370
	$ 5,500	$ (873)	$ 4,627

In the fourth quarter of 2000, the Company recorded a pre-tax charge of $2.7 million related to the reorganization of its French and Latin American businesses. The primary focus of the reorganization is consolidation of operations in these regions in order to eliminate duplicative functions. The Company anticipates that this plan will increase operational efficiencies and contribute to future earnings. Included in this charge were severance costs of $2.3 million and other costs of $0.4 million. The restructuring will result in the elimination of approximately 40 administrative positions, mainly in France. Approximately 25 of these positions remain to be eliminated. The Company anticipates that most aspects of this plan will be completed, and the benefits of the restructuring will begin to be realized, by the end of 2001. The major components of this restructuring charge and the remaining outstanding balances are as follows:

	2000 Provision	Amounts Applied During 2000	Amounts Applied During 2001	Balance June 30, 2001
		(in thousands)		
Severance	$ 2,299	$ (611)	$ (618)	$ 1,070
Other costs	403	-	(22)	381
	$ 2,702	$ (611)	$ (640)	$ 1,451

NOTE 7 - DERIVATIVES

Adoption of SFAS 133

Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," was issued by the Financial Accounting Standards Board (FASB) in June 1998. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires recognition of all derivatives as either assets or liabilities on the balance sheet and measurement of those instruments at fair value. This statement, as amended, was adopted effective January 1, 2001, and as required, the Company recognized a cumulative adjustment for the change in accounting principle. This adjustment increased other current liabilities by $1.1 million and resulted in a cumulative loss, reflected in current earnings of $0.3 million ($0.2 million, net of tax), and a reduction in other comprehensive income of $0.8 million ($0.5 million, net of tax). The cumulative loss on adoption of SFAS 133 recognized in the income statement was recorded in "Other (income) expense, net" and was considered immaterial for presentation as a cumulative effect of a change in accounting principle.

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 potentially adverse effects that these market risks may have on the Company's operating results.

A portion of the Company's borrowings and certain inventory purchases are denominated in foreign currencies which exposes 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 creates exposures to changes in exchange rates. The Company uses non-U.S. dollar-denominated-debt as a means of hedging some of this risk.

Substantially all of the Company's long-term debt is variable-rate, which exposes the Company to earnings fluctuations from changing interest rates. In order to adjust these interest rate exposures, the Company's policy is to manage interest rates through the use of interest rate swaps when appropriate, based upon market conditions.

The manufacturing of some of the Company's products requires a significant volume of commodities with potentially volatile prices. In order to limit

the unanticipated earnings fluctuations from such volatility in commodity prices, the Company selectively enters into commodity price swaps to convert variable raw material costs to fixed costs.

Cash Flow Hedges

The Company enters into forward exchange contracts to hedge the foreign currency exposure of its anticipated purchases of certain inventory from Japan. The forward contracts that are used in this program mature in twelve months or less. The Company generally hedges between 33% and 67% of its anticipated purchases.

The Company uses interest rate swaps to convert a portion of its variable-rate debt to fixed-rate debt. In January 2000, the Company entered into an interest rate swap agreement with notional amounts totaling 50 million Swiss francs which converts a portion of the Company's variable rate Swiss franc financing to a fixed rate of 3.4% for a period of three years. In February 2001, the Company entered into interest rate swap agreements with notional amounts totaling 130 million Swiss francs which converts a portion of the Company's variable rate financing to an average fixed rate of 3.3% for an average period of four years.

The Company selectively enters into commodity price swaps to convert variable raw material costs to fixed. In August 2000, the Company entered into a commodity price swap agreement with notional amounts totaling 270,000 troy ounces of silver bullion throughout calendar year 2001. The average fixed rate of this agreement is $5.10 per troy ounce. The Company generally hedges between 33% and 67% of its projected annual silver needs.

For the period ended June 30, 2001, the Company recognized a net loss of $0.4 million in "Other expense (income), net" of the income statement, which represented the total ineffectiveness of all cash flow hedges.

As of June 30, 2001, $1.0 million of deferred net losses on derivative instruments accumulated in other comprehensive income are expected to be reclassified to current earnings during the next twelve months. Transactions and events that are expected to occur over the next twelve months that will necessitate such a reclassification include: the sale of inventory that includes previously hedged purchases made in Japanese yen; the sale of inventory that includes previously hedged purchases of silver; and amortization of a portion of the net deferred loss on interest rate swaps terminated as part of a swap restructuring in February 2001, which is being amortized over the remaining term of the underlying loan being hedged. 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.

Hedges of Net Investments in Foreign Operations

The Company has numerous investments in foreign subsidiaries. The net assets of these subsidiaries are exposed to the volatility in currency exchange rates. Currently, the Company uses nonderivative financial instruments (at the parent company level) to hedge some of this exposure. The translation gains and losses related to the net assets of the foreign subsidiaries are offset by gains and losses in the parent company's debt obligations. At June 30, 2001, the Company had Swiss franc-denominated debt (at the parent company level) to hedge the currency exposure related to the net assets of its Swiss subsidiaries.

For the period ended June 30, 2001, $7.6 million of net gains related to the Swiss franc-denominated debt were included in the Company's foreign currency translation adjustment.

Other

As of June 30, 2001, the Company had recorded the fair value of derivative instrument liabilities of $0.2 million in "Accrued liabilities" and $0.2 million in "Other noncurrent liabilities" on the balance sheet.

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 the Company's foreign currency translation adjustment.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

DENTSPLY and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company believes that pending litigation to which DENTSPLY is a party will not have a material adverse effect upon its consolidated financial position or results of operations or liquidity.

In June 1995, the Antitrust Division of the United States Department of Justice initiated an antitrust investigation regarding the policies and conduct undertaken by the Company's Trubyte Division with respect to the distribution of artificial teeth and related products. On January 5, 1999 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 violate the antitrust laws and seeking an order for the Company to discontinue its practices. Three follow on private class action suits on behalf of dentists, laboratories and denture patients in seventeen states, respectively, who purchased Trubyte teeth or products containing Trubyte teeth were filed and transferred to the U.S. District Court in Wilmington, Delaware. These cases have been assigned to the same judge who is handling the Department of Justice action. The class action filed on behalf of the dentists has been dismissed by the plaintiffs. The private party suits seek damages in an unspecified amount. The Company filed Motions for Summary Judgment in all of the above cases. The Court denied the Motion for Summary Judgment regarding the Department of Justice action, granted the Motion on the lack of standing of the patient class action and granted the Motion on lack of standing of the laboratory class action to pursue damage claims. After the Court's decision, in an attempt to avoid the effect of the Court's ruling, the attorneys for the laboratory class action filed a new Complaint naming Dentsply and its dealers as co-conspirators with respect to Dentsply's distribution policy. Dentsply has filed a Motion to Dismiss this re-filed action. Four private party class actions on behalf of indirect purchasers have been filed in California. These cases are based on allegations similar to those in the Department of Justice case. In response to the Company's Motion, these cases have been consolidated in one Judicial District in Los Angeles. It is the Company's position that the conduct and activities of the Trubyte Division do not violate the antitrust laws.

NOTE 9 - OTHER EVENTS

On January 25, 2001, a fire broke out in one of the Company's Swiss manufacturing facilities. The fire caused severe damage to a building and to most of the equipment it contained. The Company is in the process of assessing all the damages and potential losses related to this fire and has filed several insurance claims, including a claim under its business interruption policy. The claims process is lengthy and its outcome cannot be predicted with certainty; however, the Company anticipates that all or most of the financial loss incurred from this fire will be recovered under its various insurance policies.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements made by the Company, including without limitation, statements containing the words "plans", "anticipates", "believes", "expects", or words of similar import constitute forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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 set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

RESULTS OF OPERATIONS

Quarter Ended June 30, 2001 Compared to Quarter Ended June 30, 2000

For the quarter ended June 30, 2001, net sales increased $29.8 million, or 13.3%, to $254.6 million, up from $224.8 million in the same period of 2000. Base business sales (internal sales growth exclusive of acquisitions/divestitures and the impact of currency translation) grew 5.2%. This growth was achieved over both large equipment and consumable (which includes small equipment) product categories. The impact of currency translation had a negative effect of 2.6% on the second quarter results compared to the comparable period in 2000 due to the further strengthening of the U.S. dollar against most global currencies while acquisitions in 2001, net of divestiture, had a positive 10.7% impact on net sales growth.

Sales in the United States for the second quarter grew 12.1%. Base business sales growth in the U.S., up 7.5%, was the result of increases in both consumable and large equipment lines. Strong growth was achieved in teeth, endodontics, orthodontics, intraoral cameras and digital x-ray systems. Acquisitions, net of divestitures, added 4.6% to net sales in the U.S. during the second quarter.

European sales, including the Commonwealth of Independent States ("C.I.S."), increased 18.2% during the second quarter of 2001. European base business sales increased 1.1%. Currency translation had a negative 5.8% effect on the quarter in Europe. Acquisitions added 22.9% to European sales during the quarter. While equipment base business sales in Europe were strong, the consumable and small equipment base business sales growth in Europe was soft due mainly to the Maillefer fire and a difficult transition into the European central warehouse.

Asia (excluding Japan) base business sales increased 9.7% as the Asian dental markets remained solid. Latin American base business sales declined 1.4% during the second quarter 2001, primarily due to a recession in Brazil and Argentina, the two key Latin American markets. In addition, a sales policy change in pricing and terms has had a short-term impact on business in Brazil. Sales in the rest of the world grew 16.4%: 3.3% from base business primarily in Africa, Japan and Australia; less 4.5% from the impact of currency translation plus 17.6% from acquisitions.

Gross profit grew 12.9% in the second quarter due to higher sales. The 52.5% second quarter 2001 gross profit percentage was lower than the 52.7% gross profit percentage for the second quarter of 2000. This decline was due mainly to the negative impact of a stronger U.S. dollar in 2001 and costs associated with acquisitions.

Selling, general and administrative (SG&A) expense increased $10.7 million, or 13.6%. As a percentage of sales, expenses increased slightly from 35.0% in the second quarter of 2000 to 35.1% for the same period of 2001 due to recent acquisitions. SG&A spending, excluding acquisitions, represented 34.8% of sales during the second quarter of 2001 compared to 35.1% for the same period in 2000. This decrease is mainly due to lower legal expenses.

Net interest expense increased $1.8 million in the second quarter of 2001 due to higher debt levels in 2001 to finance the Friadent and AstraZeneca acquisitions and the Tulsa earn-out, offset somewhat by strong operating cash flow and savings in interest expense resulting from further utilization of lower rate Swiss debt in the second quarter of 2001. Other income increased

$1.1 million in the second quarter of 2001 from favorable currency transaction fluctuations and the preferred stock dividends due from PracticeWorks resulting from the sale of InfoSoft, LLC ("InfoSoft") in the first quarter of 2001.

The effective tax rate for operations was lowered to 33.5% in the second quarter of 2001 compared to 34.0% in the second quarter of 2000 reflecting savings from federal, state and foreign tax planning activities.

Net income increased $2.8 million, or 11.3% from the second quarter of 2000 and diluted earnings per common share were $0.52, an increase of 10.6% from $0.47 in the second quarter of 2000, including a negative $.02 per common share impact for amortization and interest associated with the Tulsa earn-out payment made in May, 2001.

Six Months Ended June 30, 2001 Compared to Six Months Ended June 30, 2000

Net sales for the six months ended June 30, 2001 were $61.6 million, or 14.0%, above the comparable period in 2000, including 10.3% for acquisitions. Excluding acquisitions and the InfoSoft divestiture, base business net sales for the six months ended June 30, 2001 were up 6.1% at 2001 actual exchange rates for both periods (constant exchange rates), up 3.7% at reported exchange rates. This growth was achieved over both large equipment and consumable (which includes small equipment) product categories. The impact of currency had a 2.4% negative impact as the U.S. dollar remained strong against most global currencies adversely affecting the comparison to the prior year.

Sales in the United States for the first half grew 11.8%. Base business growth in the U.S., up 8.0%, was achieved across both consumable and equipment lines. Notable growth was achieved in endodontics, orthodontics, intraoral cameras and digital x-rays systems. Acquisitions, net of divestitures, added 3.8% to net sales in the U.S. during the first half of 2001.

European sales, including C.I.S., increased 18.7% during the first six months of 2001. European base business sales increased 2.7%. Currency translation had a negative 5.0% effect on the same period. Acquisitions added 21.0% to European sales during the first six months of 2001. While equipment base business sales in Europe were strong, the consumable and small equipment base business sales growth in Europe was soft due mainly to the Maillefer fire and a difficult transition into the European central warehouse.

Asia (excluding Japan) base business sales increased 12.7% as the Asian dental markets remained solid. Latin American base business sales decreased 0.2% during the first half of 2001 primarily due to a recession in Brazil and Argentina, the two key Latin American markets. In addition, a sales policy change in pricing and terms has had a short-term impact business in Brazil. Sales in the rest of the world grew 24.7%: 4.8% from base business primarily in Africa, Japan, and Australia; less 4.9% from the impact of currency translation plus 24.8% from acquisitions.

Gross profit grew 15.1% in the first six months of 2001 due to higher sales. The 52.7% first half 2001 gross profit percentage was higher than the 52.5% gross profit percentage for the first half of 2000. Gross profit margins benefited from restructuring and operational improvements and a favorable product mix offset somewhat by the negative impact of a strong U.S. dollar and costs associated with acquisitions, including the amortization of inventory step-up in 2001.

Selling, general and administrative (SG&A) expenses increased $26.3 million, or 17.3%. As a percentage of sales, expenses increased from 34.7% in the first six months of 2000 to 35.7% for the same period of 2001. The recent acquisitions accounted for 0.8 percentage points of the rate increase. The increased SG&A spending also includes the additional sales and marketing expenses due to the North American sales conference held in February 2001 which brought together 700 Dentsply field sales people at one venue and the bi-annual International Dental Society (IDS) meeting held in Cologne, Germany in March, 2001.

Net interest expense increased $2.6 million in the first half of 2001 due to higher debt levels in 2001 to finance the Friadent and AstraZeneca acquisitions and the Tulsa earn-out, offset somewhat by strong operating cash flow and savings in interest expense resulting from further utilization of lower rate Swiss debt in the first quarter of 2001. Other income increased $23.9 million in the first six months of 2001 reflecting the net gain on the sale of SoftDent.

Net income increased $14.9 million, or 31.8% from the first half of 2000 including a $13.6 million after tax gain on the sale of InfoSoft and a $3.8 million after tax charge for restructuring recorded in the first quarter of

2001. Without the restructuring charge and the gain on the sale of InfoSoft, net income was $51.9 million, up 10.9% from the first half of 2000, and diluted earnings per common share were $0.99, an increase of 11.2% from $0.89 in the first half of 2001, including a negative $.02 per common share impact from the Tulsa earn-out payment made in May 2001. This increase was due to higher sales, higher gross profit margin, and lower income tax rate, offset slightly by higher expenses as a percent of sales and higher interest expense in the first half of 2001.

Quarter Ending September 30, 2001

In the third quarter of 2001, the Company plans to expense two $5 million R&D milestone payments associated with the regulatory filings for ORAQIX , a revolutionary gel based dental anesthetic. These expenditures are part of the AstraZeneca dental anesthetic acquisition payments. We expect these payments will be made late in the fourth quarter of 2001, however, the expense will be recognized in the 3rd quarter of this year when the regulatory filings are made. This charge will result in a one-time $0.17 per share negative impact, which reflects only a small income tax benefit. The Company also expects to generate a pre-tax gain of approximately $8.5 to $9.5 million in the third quarter related to the restructuring of its UK pension arrangements. This is expected to have a one-time earnings-per-share benefit of approximately $0.10 to $0.11 in the third quarter and a corresponding cash benefit in the third quarter or fourth quarter of 2001.

LIQUIDITY AND CAPITAL RESOURCES

For the six months ended June 30, 2001, cash flows from operating activities were $71.5 million compared to $64.6 million for the six months ended June 30, 2000. The increase of $6.9 million results primarily from higher earnings, increases in accrued liabilities and deferred income taxes offset by an increase in inventory.

Investing activities for the six months ended June 30, 2001 include capital expenditures of $24.4 million.

In December 2000, the Board of Directors authorized a stock buyback program for 2001 to purchase up to 1.0 million shares of common stock on the open market or in negotiated transactions. During the first half of 2001, the Company repurchased 25,000 shares of its common stock for $0.9 million. The Company does not plan to make any additional purchases of its common stock under this program in 2001.

The Company's current ratio was 1.9 with working capital of $166.2 million at June 30, 2001. This compares with a current ratio of 1.9 and working capital of $157.3 million at December 31, 2000.

The Company had acquisition activity during the six months ended June 30, 2001 that has resulted or will result in significant cash outlays. In January 2001, the Company completed the acquisition of Friadent GmbH ("Friadent") for 220 million German marks or $106 million ($104.7, net of cash acquired). In March 2001, the Company completed the acquisition of the dental injectible anesthetic assets of AstraZeneca ("AZ"), including licensing rights to the dental trademarks, for $96.5 million, with potential additional payments of $40 million to be made at future dates. Additionally, in March 2001, the Company entered into an agreement for an early buy out of the remaining 49% interest in CeraMed Dental at a cost of $20 million with a potential earn-out provision capped at $5 million. The $20 million payment was made on July 1, 2001 and the earn-out is based on future sales. In May 2001, the Company also made an earn-out payment of $84.6 million related to its 1996 purchase of Tulsa Dental Products LLC. The earn-out is based on provisions in the purchase agreement related to the operating performance of the acquired business. In May 2001, the Company entered into an agreement to purchase Degussa Dental Group ("Degussa Dental"), a unit of Degussa AG, for 576 million euros or approximately $500 million. This transaction is expected to close late in the third quarter or early in the fourth quarter of 2001. These transactions are discussed in Note 4 of the Notes to Unaudited Interim Consolidated Condensed Financial Statements.

In order to fund these transactions, the Company completed a $100 million five year average life private placement of debt, denominated in Swiss francs at an average interest rate of 4.5% with a major insurance company in March 2001. In May 2001 the Company also replaced and expanded its revolving credit agreements to $500 million from its previous level of $300 million. Additionally, the Company intends to fund the Degussa Dental transaction primarily through a long-term eurobond debt offering which is expected to be finalized late in the third quarter of 2001.

The Company's long-term debt increased $230.6 million from December 31, 2000 to $340.1 million due to the acquisitions that closed through June 30, 2001. The resulting long-term debt to total capitalization at June 30, 2001 was 37.7% compared to 17.4% at December 31, 2000. The Company expects on an ongoing basis, to be able to finance cash requirements, including capital expenditures, stock repurchases, debt service, and potential future acquisitions, from the funds generated from operations and amounts available

under its existing credit facilities.

NEW ACCOUNTING STANDARDS

Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," was issued by the Financial Accounting Standards Board (FASB) in June 1998. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires recognition of all derivatives as either assets or liabilities on the balance sheet and measurement of those instruments at fair value. This statement, as amended, was adopted effective January 1, 2001, and as required, the Company recognized a cumulative adjustment for the change in accounting principle. This adjustment increased other current liabilities by $1.1 million and resulted in a cumulative loss, reflected in current earnings of $0.3 million ($0.2 million, net of tax), and a reduction in other comprehensive income of $0.8 million ($0.5 million, net of tax). The Company does not expect this statement to have a significant impact on future net income as its derivative instruments are held primarily for hedging purposes, and the Company considers the resulting hedges to be highly effective under SFAS 133.

In June 2001 FASB issued Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations" and Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets". SFAS 141 addresses financial accounting and reporting for business combinations. Specifically, effective for business combinations occurring after July 1, 2001, it eliminates the use of the pooling method of accounting and requires all business combinations to be accounted for under the purchase method. SFAS 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets. The primary change related to this new standard is that the amortization of goodwill and intangible assets with indefinite useful lives will be discontinued and instead an annual impairment approach will be applied. Except for such intangibles acquired after July 1, 2001 (in which case, amortization will not be recognized at all), the Company will discontinue amortization on these intangible assets effective January 1, 2002. The Company expects this change in accounting to have a positive impact on earnings per share of approximately $0.20 to $0.25 beginning in 2002.

EURO CURRENCY CONVERSION

On January 1, 1999, eleven of the fifteen member countries of the European Union (the "participating countries") established fixed conversion rates between their legacy currencies and the newly established Euro currency.

The legacy currencies will remain legal tender in the participating countries between January 1, 1999 and January 1, 2002 (the "transition period"). Starting January 1, 2002 the European Central Bank will issue Euro-denominated bills and coins for use in cash transactions. On or before July 1, 2002, the legacy currencies of participating countries will no longer be legal tender for any transactions.

The Company's various operating units which are affected by the Euro conversion have adopted the Euro as the functional currency effective January 1, 2001. At this time, the Company does not expect the reasonably foreseeable consequences of the Euro conversion to have material adverse effects on the Company's business, operations or financial condition.

IMPACT OF INFLATION

The Company has generally offset the impact of inflation on wages and the cost of purchased materials by reducing operating costs and increasing selling prices to the extent permitted by market conditions.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

There have been no significant material changes to the market risks as disclosed in the Company's Annual Report on Form 10-K filed for the year ending December 31, 2000.

PART II
OTHER INFORMATION

Item 1 - Legal Proceedings

DENTSPLY and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company believes that pending litigation to which DENTSPLY is a party will not have a material adverse effect upon its consolidated financial position or results of operations or liquidity.

In June 1995, the Antitrust Division of the United States Department of Justice initiated an antitrust investigation regarding the policies and conduct undertaken by the Company's Trubyte Division with respect to the distribution of artificial teeth and related products. On January 5, 1999 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 violate the antitrust laws and seeking an order for the Company to discontinue its practices. Three follow on private class action suits on behalf of dentists, laboratories and denture patients in seventeen states, respectively, who purchased Trubyte teeth or products containing Trubyte teeth were filed and transferred to the U.S. District Court in Wilmington, Delaware. These cases have been assigned to the same judge who is handling the Department of Justice action. The class action filed on behalf of the dentists has been dismissed by the plaintiffs. The private party suits seek damages in an unspecified amount. The Company filed Motions for Summary Judgment in all of the above cases. The Court denied the Motion for Summary Judgment regarding the Department of Justice action, granted the Motion on the lack of standing of the patient class action and granted the Motion on lack of standing of the laboratory class action to pursue damage claims. After the Court's decision, in an attempt to avoid the effect of the Court's ruling, the attorneys for the laboratory class action filed a new Complaint naming Dentsply and its dealers as co-conspirators with respect to Dentsply's distribution policy. Dentsply has filed a Motion to Dismiss this re-filed action. Four private party class actions on behalf of indirect purchasers have been filed in California. These cases are based on allegations similar to those in the Department of Justice case. In response to the Company's Motion, these cases have been consolidated in one Judicial District in Los Angeles. It is the Company's position that the conduct and activities of the Trubyte Division do not violate the antitrust laws.

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

(a) On May 23, 2001, the Company held its 2001 Annual Meeting of stockholders.

(b) Not applicable.

(c) The following matters were voted upon at the Annual Meeting, with the results indicated:

1. Election of Class III Directors:

Nominee	Votes For	Votes Withheld	Broker Non-Votes
Michael J. Coleman	35,332,705	11,649,904	N/A
John C. Miles II	41,352,401	5,630,208	N/A
W. Keith Smith	46,164,416	818,193	N/A

2. Proposal to ratify the appointment of PricewaterhouseCoopers LLP, independent accountants, to audit the books and accounts of the Company for the year ending December 31, 2001:

Votes For:46,640,345 Votes Against: 289,751
Abstentions: 52,513 Broker Non-Votes: N/A

(d) Not applicable.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

3.2 By-Laws, as amended
10.1 Degussa Dental Group Sale and Purchase Agreement, dated May 28/29, 2001 between Degussa AG (Seller) and Dentsply Hanau GmbH & Co. KG, Dentsply Research & Development Corporation and Dentsply EU S.a.r.l. (Purchasers and subsidiaries of the Company).

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the quarter ended June 30, 2001.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DENTSPLY INTERNATIONAL INC.

August 14, 2001 /s/ John C. Miles II
Date John C. Miles II
Chairman and
Chief Executive Officer

August 14, 2001 /s/ William R. Jellison
Date William R. Jellison
Senior Vice President and
Chief Financial Officer

DENTSPLY International Inc.

BY LAWS

BY-LAWS INDEX

BY-LAWS

OF

DENTSPLY INTERNATIONAL INC.

(Formerly GENDEX Corporation)

ARTICLE I. STOCKHOLDERS' MEETINGS

SECTION 1. Annual Meetings. The Board of Directors shall, within seventy-five (75) days following the close of the corporation's fiscal year, establish a date, time and place for the annual meeting of the stockholders, for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

SECTION 2. Special Meetings. Except as otherwise required by law and subject to the rights of the holders of any class or series of capital stock having a preference over the common stock as to dividends or upon liquidation, special meetings of stockholders of the corporation may be called only by the Chairman of the Board, the Chief Executive Officer or the President pursuant to a resolution adopted by the Board of Directors.

SECTION 3. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting, or for any special meeting called pursuant to Article I, Section 2, above. A waiver of notice signed by all stockholders entitled to vote at a meeting may designate any place, either within or without the State of Delaware, as the place for the holding of such meeting. If no designation is made, or if a special meeting shall be otherwise called, the place of meeting shall be the principal office of the corporation.

SECTION 4. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting either personally or by mail, by or at the discretion of the Chief Executive Officer, the President or the officer or persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the stockholder at his address as it appears on the stock record books of the corporation, with postage thereon prepaid.

SECTION 5. Fixing of Record Date.

(a) For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors of the corporation may fix, in advance, a date as the record date for any such determination of stockholders, such date in any case to be not more than sixty (60) nor less than ten (10)

days prior to the date of any proposed meeting of stockholders. In no event shall the stock transfer books be closed. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this Section, such determination shall be applied to any adjournment thereof.

(b) For the purpose of determining stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or in order to make a determination of stockholders for any other lawful purpose, the Board of Directors of the corporation may fix a date as the record date for any such determination of stockholders, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. In no event shall the stock transfer books be closed.

SECTION 6. Quorum. A majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders. Provided that a meeting has been duly convened in accordance herewith, a majority of the shares represented at the meeting at the time of adjournment, even if such shares constitute at such time less than a majority of the outstanding shares entitled to vote, may adjourn the meeting from time to time without further notice. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. Any meeting (a) at which all of the outstanding shares are present in person or represented by proxy and at which none of such shares attend for the purpose of objecting, at the beginning of the meeting, to the transaction of any business thereat because the meeting was not lawfully called or convened, or (b) at which all of the outstanding stock has waived notice, or (c) for which notice shall have been duly given as provided herein, shall be deemed a properly constituted meeting of the stockholders.

SECTION 7. Proxies. At all meetings of stockholders, a stockholder entitled to vote may vote by proxy appointed in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid only at the meeting for which it has been given or any adjournment thereof.

SECTION 8. Voting of Shares. At each meeting of stockholders, every stockholder entitled to vote thereat shall be entitled to vote in person or by a duly authorized proxy, which proxy may be appointed by an instrument in writing executed by such stockholder or his duly authorized attorney or through electronic means, if applicable, such as the internet. Subject to the provisions of applicable law and the Company's Certificate of Incorporation, each holder of common stock shall be entitled to one (1) vote for each share of stock standing registered in his name at the close of business on the day fixed by the Board of Directors as the record date for the determination of the stockholders entitled to notice of and vote at such meeting. Shares standing in the name of another corporation may be voted by any officer of such corporation or any proxy appointed by any officer of such corporation in the absence of express notice of such corporation given in writing to the Secretary of this corporation in connection with the particular meeting, that such officer has no authority to vote such shares.

SECTION 9. List of Stockholders. A complete list of the stockholders entitled to vote at the ensuing meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be prepared by the Secretary, or other officer of the corporation having charge of said stock ledger. Such list shall be open to the examination of any stockholder during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where said meeting is to be held, and the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and shall be subject to the inspection of any stockholder who may be present.

SECTION 10. Waiver of Notice by Stockholders. Whenever any notice whatever is required to be given to any stockholder of the corporation under the provisions of these By-Laws or under the provisions of the Certificate of Incorporation or under the provisions of any statute, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the stockholder entitled to such notice, shall be deemed equivalent to the giving of such notice.

SECTION 11. Advance Notice of Stockholder-Proposed Business at Annual Meetings. At an annual meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board, (b) otherwise properly brought before the meeting by or at the direction of the Board, or (c) otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation, not less than sixty (60) days prior to the date that the materials regarding the prior years annual meeting were mailed to stockholders. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 11.

The chairman of an annual meeting shall, if the facts warrant, determine that business was not properly brought before the meeting in accordance with the provisions of this Section 11, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

SECTION 12. Procedure for Nomination of Directors. Only persons nominated in accordance with the following procedures shall be eligible for election as directors, except as

may otherwise be provided by the terms of the corporation's Certificate of Incorporation with respect to the rights of holders of any class or series of preferred stock to elect directors under specified circumstances. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors, by any nominating committee or person appointed by the Board, or by any stockholder of the corporation entitled to vote for election of directors at the meeting who complies with the notice procedures set forth in this Section 12. Nominations other than those made by or at the direction of the Board of Directors or any nominating committee or person appointed by the Board shall be made pursuant to timely notice in proper written form to the Secretary of the corporation. To be timely, a stockholder's request to nominate a person for director, together with the written consent of such person to serve as a director, must be received by the Secretary of the corporation not less than sixty (60) days prior to the date fixed for the meeting. To be in proper written form, such stockholder's notice shall set forth in writing: (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director (i) the name, age, business address and residence address for such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of stock of the corporation which are beneficially owned by such person and (iv) such other information relating to such person as is required to be disclosed in solicitations of proxies for election of directors, or as otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the corporation's books, of such stockholder and (ii) the class and number of shares of stock of the corporation which are beneficially owned by such stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as a director of the corporation. No persons shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth herein and in the corporation's Certificate of Incorporation. The chairman of any meeting shall, if the facts so warrant, determine that a nomination was not made in accordance with the procedures prescribed by the corporation's Certificate of Incorporation and By-Laws, and if he should so determine, he shall so declare to the meeting and the defective nomination(s) shall be disregarded.

ARTICLE II. BOARD OF DIRECTORS

SECTION 1. General Powers. The business and affairs of the corporation shall be managed by its Board of Directors. The Board of Directors may adopt, amend or repeal by-laws adopted by the Board or by the stockholders.

SECTION 2. Number of Directors, Tenure and Qualifications. The number of members of the Board of Directors shall be not less than three (3) nor more than twelve (12), as determined from time to time by the Board of Directors. The directors need not be stockholders of the corporation. The directors shall be divided into three (3) classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third (1/3) of the total number of directors constituting the entire Board of Directors. Effective immediately upon the filing of the Certificate of Incorporation of the corporation dated June 11, 1993, Class I directors shall be elected for a term ending upon the next succeeding annual meeting of

stockholders, Class II directors for a term ending upon the second succeeding annual meeting of stockholders and Class III directors for a term ending upon the third succeeding annual meeting of stockholders. At each succeeding annual meeting of stockholders beginning with the annual meeting immediately succeeding the filing of the Certificate of Incorporation, successors to the class of directors whose term expires at such annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, incapacitation or removal from office, and except as otherwise required by law. In the event such election is not held at the annual meeting of stockholders, it shall be held at any adjournment thereof or a special meeting.

SECTION 3. Regular Meetings. Regular meetings of the Board of Directors shall be held without any other notice than this By-Law immediately after, and at the same place as, the annual meeting of stockholders, and each adjourned session thereof. The Board of Directors may designate the time and place, either within or without the State of Delaware, for the holding of additional regular meetings without other notice than such designation.

SECTION 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the Chief Executive Officer, the President or by members of the Board of Directors constituting no less than three-fourths (3/4) of the total number of directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place either within or without the State of Delaware, as the place for holding any special meeting of the Board of Directors called by them.

SECTION 5. Notice. Notice of any special meeting shall be given at least five (5) days previously thereto by written notice delivered or mailed to each director at his last known address, or at least forty-eight (48) hours previously thereto by personal delivery or by facsimile to a telephone number provided to the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice is given by facsimile, such notice shall be deemed to be delivered when transmitted with receipt confirmed. Whenever any notice whatever is required to be given to any director of the corporation under the provisions of these By-Laws or under the provisions of the Certificate of Incorporation or under the provisions of any statute, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the director entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting and objects thereat to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 6. Quorum. Two-Thirds (2/3) of the directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

SECTION 7. Manner of Acting. The act of the majority of the directors then in office shall be the act of the Board of Directors, Unless the act of a greater number is required by these By-laws or by law.

SECTION 8. Vacancies. Except as otherwise required by law, any vacancy on the Board of Directors that results from an increase in the number of directors shall be filled only by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors shall be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor. The resignation of a director shall be effective upon receipt by the corporation, unless some subsequent time is fixed in the resignation, and then from that time. Acceptance of such resignation by the corporation shall not be required.

SECTION 9. Compensation. The Board of Directors, by affirmative vote of a majority of the directors, and irrespective of any personal interest of any of its members, may establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise, or may delegate such authority to an appropriate committee.

SECTION 10. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors or a committee thereof at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 11. Committees. The Board of Directors by resolution may designate one (1) or more committees, each committee to consist of one (1) or more directors elected by the Board of Directors, which to the extent provided in such resolution, as initially adopted, and as thereafter supplemented or amended by further resolution adopted by a like vote, shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the Corporation, except action with respect to amendment of the Certificate of Incorporation or By-Laws, adoption of an agreement of merger or consolidation (other than the adoption of a Certificate of Ownership and Merger in accordance with Section 253 of the General Corporation Law of the State of Delaware, as such law may be amended or supplemented), recommendation to the stockholders of the sale, lease or exchange of all or substantially all of the Corporation's property or assets, recommendation to the stockholders of the dissolution or the revocation of a dissolution of the Corporation, election of officers or the filling of vacancies on the Board of Directors or on committees created pursuant to this Section or declaration of dividends. The Board of Directors may elect one (1) or more of its members as alternate members of any such committee who may take the place of any absent or disqualified member or members at any meeting of such committee, upon request by the Chairman of the Board, the Chief Executive Officer or the President or upon request by the

chairman of such meeting. Each such committee may fix its own rules governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request.

SECTION 12. Removal of Directors. Exclusive of directors, if any, elected by the holders of one (1) or more classes of preferred stock, no director of the corporation may be removed from office, except for cause and by the affirmative vote of two-thirds (2/3) of the outstanding shares of capital stock of the corporation entitled to vote at a meeting of the stockholders duly called for such purpose. As used in this Article II, the meaning of "cause" shall be limited to malfeasance arising from the performance of a director's duty which has a materially adverse effect on the business of the corporation.

SECTION 13. Informal Action. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken at any meeting of the Board of Directors or any committee thereof if prior to such action a written consent thereto is signed by all members of the Board or of the committee, as the case may be, and such written consent is filed with the minutes of the proceedings of the Board or the committee.

SECTION 14. Conferences. Members of the Board of Directors or any committee designated by the Board may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section14 shall constitute presence in person at such meeting.

ARTICLE III. OFFICERS

SECTION 1. Number. The officers of the corporation shall consist of a Chairman of the Board and a Chief Executive Officer. The Board of Directors may appoint as officers a Vice Chairman of the Board, President, such number of Senior Vice Presidents and Vice Presidents, a Secretary, a Treasurer, one (1) or more Assistant Treasurers, one (1) or more Assistant Secretaries, and such other officers as are created by the Board from time to time. The same person may hold two (2) or more of such offices.

SECTION 2. Election and Term of Office. The Chairman of the Board and the Vice Chairman of the Board shall be elected by the directors from among their own number; other officers need not be directors. In addition to the powers conferred upon them by these By-Laws, all officers elected or appointed by the Board of Directors shall have such authority and shall perform such duties as from time to time may be prescribed by the Board of Directors by resolution.

SECTION 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors, whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights.

SECTION 4. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and meetings of the stockholders. He shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 5. Vice Chairman of the Board. In the absence of the Chairman of the Board because of death or physical disability which prevents the Chairman of the Board from performing his duties, or in the event of his inability or refusal to act, the Vice Chairman of the Board shall perform the duties of the Chairman of the Board and, when so acting, have the powers of and be subject to all of the restrictions upon the Chairman of the Board.

SECTION 6. Chief Executive Officer. The Chief Executive Officer shall be the principal executive officer of the corporation and shall have the general charge of and control over the business, affairs and personnel of the corporation, subject to the authority of the Board of Directors. The Chief Executive Officer may, together with the Secretary, sign all certificates for shares of the capital stock of the corporation and shall perform such other duties as shall be delegated to him by the Board of Directors. Except as may be specified by the Board of Directors, the Chief Executive Officer shall have the power to enter into contracts and make commitments on behalf of the corporation and shall have the right to execute deeds, mortgages, bonds, contracts and other instruments necessary or proper to be executed in connection with the corporation's regular business and may authorize the President, and any other officer of the corporation, to sign, execute and acknowledge such documents and instruments in his place and stead.

SECTION 7. President. The President shall be the chief operating officer of the corporation, and shall report to the Chief Executive Officer. The President may, together with the Secretary, sign all certificates for shares of the capital stock of the corporation and may, together with the Secretary, execute on behalf of the corporation any contract, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or the Chief Executive Officer to some other officer or agent, and shall perform such duties as are assigned to him by the Board of Directors or the Chief Executive Officer.

SECTION 8. Senior Vice President and Vice Presidents. Each Senior Vice President or Vice President shall perform such duties and have such authority as from time to time may be assigned to him by the Board of Directors, the Chief Executive Officer or the President.

SECTION 9. Secretary and Assistant Secretaries. The Secretary shall have custody of the seal of the corporation and of all books, records and papers of the corporation, except such as shall be in the charge of the Treasurer or some other person authorized to have custody and be in possession thereof by resolution of the Board of Directors. The Secretary shall record the proceedings of the meetings of the stockholders and of the Board of Directors in books kept by him for that purpose and may, at the direction of the Board of Directors, give any notice required by statute or by these By-Laws of all such meetings. The Secretary shall, together with the Chief Executive Officer or the President, sign certificates for shares of the capital stock of the corporation. Any Assistant Secretaries elected by the Board of Directors, in order of their seniority, shall, in the absence or disability of the Secretary, perform the duties and exercise the

powers of the Secretary as aforesaid. The Secretary or any Assistant Secretary may, together with the Chief Executive Officer, the President or any other authorized officer, execute on behalf of the corporation any contract which has been approved by the Board of Directors, and shall perform such other duties as the Board of Directors, the Chief Executive Officer or the President shall prescribe.

SECTION 10. Treasurer and Assistant Treasurer. The Treasurer shall keep accounts of all moneys of the corporation received and disbursed, and shall deposit all monies and valuables of the corporation in its name and to its credit in such banks and depositories as the Board of Directors shall designate. Any Assistant Treasurers elected by the Board of Directors, in order of their seniority, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer, and shall perform such other duties as the Board of Directors, the Chief Executive Officer or the President shall prescribe.

SECTION 11. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

SECTION 12. Representation in Other Companies. Unless otherwise ordered by the Board of Directors, the Chief Executive Officer, the President or a Vice President designated by the President shall have full power and authority on behalf of the corporation to attend and to act and to vote at any meetings of security holders of corporations in which the corporation may hold securities, and at such meetings shall possess and may exercise any and all rights and powers incident to the ownership of such securities, and which as the owner thereof the corporation might have possessed and exercised, if present. The Board of Directors by resolution from time to time may confer like powers upon any other person or persons.

ARTICLE IV. CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the Chief Executive Officer or the President and by the Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

SECTION 2.Transfer of Shares. Prior to due presentment of a certificate for shares for registration of transfer the corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner. Where a certificate for shares is presented to the corporation with a request to register for transfer, the corporation shall not be liable to the owner or any other

person suffering loss as a result of such registration of transfer if (a) there were on or with the certificate the necessary endorsements, and (b) the corporation had no duty to inquire into adverse claims or has discharged any such duty. The corporation may require reasonable assurance that said endorsements are genuine and effective and in compliance with such other regulations as may be prescribed under the authority of the Board of Directors.

ARTICLE V. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

SECTION 1. Indemnification Generally. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or is alleged to have violated the Employee Retirement Income Security Act of 1974, as amended, against expenses (including attorneys' fees), judgments, fines, penalties, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

SECTION 2. Indemnification in Actions By or In the Right Of the Corporation. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense and settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

SECTION 3. Success on the Merits; Indemnification Against Expenses. To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or Section 2 of this Article V, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

SECTION 4. Determination that Indemnification is Proper. Any indemnification under Section 1 or Section 2 of this Article V, unless ordered by a court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances under the standard of conduct set forth in such Section 1 or Section 2 of this Article V, as the case may be. Such determination shall be made:

(a) By the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding;

(b) If such a quorum is not obtainable, or, even if obtainable if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or

(c) By the stockholders.

SECTION 5. Insurance; Indemnification Agreements. The corporation may, but shall not be required to, supplement the right of indemnification under this Article V by any lawful means, including, without limitation by reason of enumeration, (i) the purchase and maintenance of insurance on behalf of any one or more of such indemnities, whether or not the corporation would be obligated to indemnify such person under this Article V or otherwise, and (ii) individual or group indemnification agreements with any one or more of such indemnities.

SECTION 6. Advancement of Expenses. Expenses (including attorneys' fees) incurred by an indemnitee in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action; suit or proceeding upon receipt of an undertaking by or on behalf of the indemnitee to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation as to such amounts.

SECTION 7. Rights Not Exclusive. The indemnification provided by this Article V shall be not deemed exclusive of any other right to which an indemnified person may be entitled under Section 145 of the General Corporation Law of the State of Delaware (or any successor provision) or otherwise under applicable law, or under any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 8. Severability. To the extent that any court of competent jurisdiction shall determine that the indemnification provided under this Article V shall be invalid as applied to a particular claim, issue or matter, the provisions hereof shall be deemed amended to allow indemnification to the maximum extent permitted by law.

SECTION 9. Modification. This Article V shall be deemed to be a contract between the corporation and each previous, current or future director, officer, employee or agent. The provisions of this Article V shall be applicable to all actions, claims, suits or proceedings, commenced after the adoption hereof, whether arising from any action taken or failure to act before or after such adoption. No amendment, modification or repeal of this Article V shall diminish the rights provided hereby or diminish the right to indemnification with respect to any claim, issue or matter in any then pending or subsequent proceeding which is based in any material respect from any alleged action or failure to act prior to such amendment, modification or repeal.

EXHIBIT 10.1

A.Prot.
2001/154
SaleAndPurchAgt A Prot 2001 154 Cu VER1
dated May 28/29, 2001
of the Notary Stephan Cueni
at Basel, Switzerland

SALE AND PURCHASE AGREEMENT

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regarding the
sale and purchase of the

Dental Business
of the Degussa Group

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RECITALS

(A) WHEREAS, Degussa is a stock corporation under German law (Aktiengesellschaft), having its domicile in Dusseldorf, Germany, and being registered with the commercial register maintained at the lower court of Dusseldorf under docket no. HRB 39635.

(B) WHEREAS, DHZ is a limited liability company under German law (Gesellschaft mit beschrankter Haftung), having its domicile in Hanau, Germany, and being registered with the commercial register maintained at the lower court of Hanau under docket no. HRB 6861.

(C) WHEREAS, Purchaser 1 is a German Limited Partnership, having its domicle at Hanau Wolfgang; Purchaser 2 is a stock corporation under Delaware, USA law, having its domicile at Milford, Delaware, USA; Purchaser 3 is a Luxembourg Limited Liability Company, having its domicile at Luxembourg, Grand-Duchy of Luxembourg.

(D) WHEREAS, Guarantor is a stock corporation under Delaware, USA law, having its domicile at York, Pennsylvania, USA.

(E) WHEREAS, Degussa is, amongst others, engaged in the development, production, marketing and distribution of products and systems, equipment and consumables for conservative, restorative and orthodontic dental treatment (herein collectively "Business") through (i) Degussa Dental GmbH & Co. KG and its German subsidiaries on the one hand and through (ii) the foreign, direct and indirect, subsidiaries of DHZ on the other hand.

(F) WHEREAS, Degussa, after a strategic review of its business portfolio, has decided to concentrate on its special chemicals business and to dispose of the Business.

(G) WHEREAS, Sellers intend to dispose of the Business by selling and transferring the Business to the Purchasers subject to the terms and conditions of this Agreement and Purchasers wish to acquire the Business subject to such terms and conditions.

NOW, THEREFORE, the Parties agree as follows:

A. CURRENT STATUS

1. Current Status

1.1 The present structure of the directly and indirectly held subsidiaries of Degussa engaged in the Business is attached as Exhibit 1.1.

1.2 Degussa Dental Verwaltungs-GmbH is a limited liability company (Gesellschaft mit beschrankter Haftung) having its domicile in Hanau, Germany, and is registered with the commercial register maintained at the lower court of Hanau under docket no. HRB 6844 (herein "DD GmbH"). Degussa is the sole shareholder of DD GmbH holding the only share (Geschaftsanteil) issued by DD GmbH in the nominal amount of Euro 25,000.00 (herein "German Share") representing all of the stated nominal capital (Stammkapital) of DD GmbH in the nominal amount of Euro 25,000.00.

1.3 Degussa Dental GmbH & Co. KG is a limited partnership (Kommanditgesellschaft) having its domicile in Hanau, Germany, and is registered with the commercial register maintained at the lower court of Hanau under docket no. HRA 5530 (herein "DD KG"). Degussa is the sole limited partner (Kommanditist) of DD KG, holding a registered limited partnership interest (Kommanditeinlage as well as Hafteinlage) in DD KG in the nominal amount of Euro 25,565,000.00 (herein "German Limited Partnership Interest"). The sole general partner (Komplementar) in DD KG is DD GmbH which does not hold a capital interest (Kapitalanteil) in the fixed capital (Festkapital) of DD KG. DD KG in turn holds all shares of Bios Dental GmbH, a limited liability company (Gesellschaft mit beschrankter Haftung) having its domicile in Bohmte, Germany, and being registered in the commercial register maintained at the lower court of Osnabruck under docket no. HRB 0054 (herein "Bios GmbH") and all shares of Ducera Dental Verw. GmbH, a limited liability company (same as above) having its domicile in Rosbach, Germany and being registered in the commercial register maintained at the lower court of Friedberg under docket no. HRB 746 (herein "Ducera GmbH").

1.4 By notarial deed of the notary public Dr. Joachim Treeck, Frankfurt am Main (no. 106 of the roll of deeds for 2000) dated June 29, 2000, Degussa contributed its German activities relating to the Business to DD KG.

1.5 DHZ holds direct participations in the foreign companies Degussa Dental Ltda., Degussa-Ney Dental Inc., Elephant Dental B.V., Sankin Kogyo K.K., Defradental S.p.A. and Degussa Dental Austria GmbH as follows:

1.5.1 Degussa Dental Ltda. is a limited liability company formed and validly existing under the laws of Brazil having its domicile in Sao Paulo, Brazil and it is registered with the Corporate Taxpayer's Registry of the Brazilian Ministry of Finance (CNPJ/MF) under no. 03.757.350/0001-95 (herein "DD Ltda."). DHZ is the majority shareholder of DD Ltda. holding 14,821,009 shares issued by DD Ltda. in the nominal amount of R$ 1.00 each (herein collectively "Brazilian Shares"), representing about 99.99% of the nominal stated capital of DD Ltda. in the nominal amount of R$ 14,821,010.00. The remaining share in the nominal amount of R$ 1.00 is held by Mr. Ernesto Helmuth Niemeyer Filho, managing director of DD Ltda. (herein "Mr. Niemeyer").

1.5.1.1 DD Ltda. holds 9,998 shares in the nominal amount of R$ 1.00 each, being all shares except for two (2) shares, of Degussa Dental da Amazonia Ltda., a limited liability company formed and validly existing under the laws of Brazil having its domicile in Manaus, State of Amazonas, Brazil, and being registered with the Corporate Taxpayer's Registry of the Brazilian Ministry of Finance (CNPJ/MF) under no. 04.032.335/0001-42 (herein "DD Amazonia"). Each Mr. Niemeyer and Mr. Joao Aparecido de Beni, members of the management of DD Amazonia, hold one (1) share of DD Amazonia in the nominal amount of R$ 1.00.

1.5.1.2 DD Ltda. holds all shares, except for one (1) share, of Degpar - Participacoes e Empreendimentos S.A., a joint stock corporation formed and validly existing under the laws of Brazil having its domicile in Sao Paulo, Brazil, and being registered with the Corporate Taxpayer's Registry of the Brazilian Ministry of Finance (CNPJ/MF) under no. 02.074.038/0001-34 (herein "Degpar"). The one (1) share in Degpar not held by DD Ltda. is held by Mr. Niemeyer.

1.5.1.3 Degpar holds 60% of the nominal stated capital, of Probem Laboratorio de Prudutos Farmaceuticos e Odontologicos S.A., a joint stock corporation formed and validly existing under the laws of Brazil having its domicile in Catanduva, Brazil, and being registered with the Corporate Taxpayer's Registry of the Brazilian Ministry of Finance (CNPJ/MF) under no. 45.841.137/0001-07 (herein "Probem"). The remaining shares of Probem are held by the shareholders identified on Exhibit 1.5.1.3. who are not affiliated with Sellers.

1.5.1.4 DD Amazonia and Probem are herein collectively referred to as "Brazilian Subsidiaries". For the avoidance of doubt, Degpar shall not be referred to as Brazilian Subsidiary.

1.5.1.5 The shares held by Mr. Niemeyer of DD Ltda., DD Amazonia and Degpar and the share held by Mr. Beni of DD Amazonia are herein collectively referred to as "Brazilian Local Management Shares".

1.5.2 Degussa-Ney Dental Inc., is a corporation formed and validly existing under the laws of Delaware, USA, and having its domicile at 65 West Dudley Town Road, Bloomfield, CT 06002-1316, USA (herein "Degussa-Ney"). DHZ is the sole shareholder of Degussa-Ney holding 100 no par value shares of common stock issued by Degussa-Ney (herein collectively "US Shares").

1.5.3 Elephant Dental B.V., is a limited liability company formed and validly existing under Dutch law having its domicile in Hoorn, The Netherlands, with business address at 1628 PM Hoorn, Venlengde Lageweg 10, The Netherlands, registered with the Chamber of Commerce for West-Friesland en Waterland, The Netherlands, under no. 36006373 (herein "Elephant"). DHZ is the sole shareholder of Elephant holding 30,000 shares issued by Elephant in the nominal amount of NLG 100.00 each (herein collectively "Dutch Shares"), representing the entire stated capital of Elephant in the nominal amount of NLG 3,000,000.00. Elephant holds 100% of the stated share capital of the companies listed in Exhibit 1.5.3 (herein collectively "Elephant Subsidiaries").

1.5.4 Sankin Kogyo K.K. is a joint stock company formed and validly existing under Japanese law having its domicile in Ohtawara City, Tochigi Prefecture, with business address at 14-9, Yushima 3-chome, Bunkyo-ku, Tokyo 113-0034, Japan (herein "Sankin"). DHZ holds 1,261,102 shares of common stock issued by Sankin in the nominal amount of JPY 500.00 each (herein collectively "Japanese Shares"), representing 94.4% of the capital of Sankin in the amount of JPY 680,809,000.00. The remaining shares are held by various shareholders not affiliated with Degussa as identified in Exhibit 1.5.4.

1.5.5 Defradental S.p.A. is a stock corporation and validly existing under Italian law having its domicile in Verona, Italy (herein "Defradental"), with business address at Via Catania, 3, Verona, Italy, and it is registered in C.C.I.A.A. di Verona al n. 256943 and in Registro delle Imprese di Verona

at no. 208412/96. DHZ holds 1,065,539 shares issued by Defradental in the nominal amount of Euro 1.00 each (herein "Italian Shares"), representing 45% of the nominal stated capital of Defradental in the nominal amount of Euro 2,367,420.00. To the knowledge of Sellers, the remaining shares are held by Fraccari S.p.A. with domicile in Verona, Italy (herein "Italian Third Party Shareholder").

1.5.6 Degussa Dental Austria GmbH is a limited liability company formed and validly existing under the laws of Austria having its domicile in Vienna, Austria, with business address at Liesinger-Flur-Gasse 2C, 1235 Vienna, Austria, and being registered with the commercial register in Vienna, Austria, under FN 207061 b (herein "DD Austria"). DHZ holds one share issued by DD Austria in the nominal amount of Euro 500,000.00 (herein "Austrian Share"), representing 100% of the nominal stated capital of DD Austria in the nominal amount of Euro 500,000.00.

1.6 DD Ltda., Degussa-Ney, Elephant, Sankin and DD Austria are herein collectively referred to as the "Foreign Companies". For the avoidance of doubt, Defradental shall not be referred to as Foreign Company. DD GmbH, DD KG, Bios GmbH, Ducera GmbH, the Foreign Companies, the Brazilian Subsidiaries and the Elephant Subsidiaries are herein collectively referred to as the "Companies" and individually as "Company". The Brazilian Shares, the US Shares, the Dutch Shares, the Japanese Shares, the Austrian Share and the Italian Shares are herein collectively referred to as the "Foreign Shares".

1.7 A Shareholder's loan has been granted and drawn as of the Signing Date (as defined in Section 6.1.1 below) in the amount JPY 250,000,000.00 to Sankin by Degussa pursuant to a certain credit agreement dated December 6, 2000 (herein "Japanese Shareholder's Loan"). There exist no shareholder loans other than those identified in this Section 1.7 on the Effective Date and the Closing Date.

1.8 Degussa has entered into a cash management agreement relating to the cash pooling of funds of DD KG, Bios GmbH and other German affiliates of Degussa (herein "German Cash Management Agreement"). Furthermore, Degussa has entered into a cash management agreement relating to the cash pooling of funds of Elephant and other Dutch affiliates of Degussa (herein "Dutch Cash Management Agreement"). Finally, Degussa-Ney has entered into a cash management agreement with Degussa Corporation, a US subsidiary of Degussa (herein "US Cash Management Agreement"). The German Cash Management Agreement, the Dutch Cash Management Agreement and the US Cash Management Agreement shall herein collectively referred to as "Cash Management Agreements". Degussa shall terminate and, with respect to the US Cash Management Agreement,

procure termination, of the Cash Management Agreements with respect to the Companies being party to such agreements in writing with economic effect as of the Effective Date. Upon termination of the Cash Management Agreements any outstanding balances thereunder owing from or owing to the Companies shall be settled by the parties to the Cash Management Agreements on, or prior to the Closing Date.

B. SALE, PURCHASE AND ASSIGNMENT, PURCHASE PRICE

2. Sale, Purchase and Assignment of the German Limited Partnership Interest, the Foreign Shares and the Brazilian Local Management Shares

2.1 Degussa hereby agrees, with commercial effect (wirtschaftlicher Wirkung) as of the Effective Date (as defined in Section 6.1.2 below) to cause DD GmbH on the Scheduled Closing Date to withdraw and discontinue as a partner in DD KG.

2.2 Degussa hereby sells with commercial effect as of the Effective Date and hereby assigns with effect as of the Closing Date (as defined in Section 6.1.3 below) to Purchaser 1 (i) the German Limited Partnership Interest with all rights and obligations pertaining thereto, and (ii) all partner's accounts of DD KG (Gesellschafterkonten) (herein collectively "Partner's Accounts"), such Partner<180>s Accounts being comprised of (a) the capital account (Festkapitalkonto, Kapitalkonto I), (b) the partner's clearing account (Gesellschafter-Verrechnungskonto, Kapitalkonto II), (c) the loss carry forward account (Verlustvortragskonto), and (d) the reserve account (Rucklagenkonto). Purchaser 1 hereby purchases from Degussa the German Limited Partnership Interest and the Partner's Accounts and hereby accepts the assignment of the German Limited Partnership Interest and the Partner's Accounts in accordance with the foregoing sentence.

2.3 DHZ hereby sells with commercial effect as of the Effective Date to Purchaser 2 and undertakes to assign on the Scheduled Closing Date to Purchaser 2 the US Shares, Brazilian Shares and the Japanese Shares with all rights and obligations including any dividend rights pertaining thereto with effect as of the Closing Date. Purchaser 2 hereby purchases from DHZ the US Shares, Brazilian Shares and the Japanese Shares and hereby undertakes to accept the assignment on the Scheduled Closing Date as provided for under Section 6.6 below in accordance with the foregoing sentence.

2.4 DHZ hereby sells with commercial effect as of the Effective Date to Purchaser 3 and undertakes to assign on the Scheduled Closing Date to Purchaser 3 the Dutch

Shares and the Italian Shares with all rights and obligations including any dividend rights pertaining thereto with effect as of the Closing Date. Purchaser 3 hereby purchases from DHZ the Dutch Shares and Italian Shares and hereby undertakes to accept the assignment on the Scheduled Closing Date as provided for under Section 6.6 below in accordance with the foregoing sentence.

2.5 Seller shall procure that Mr. Niemeyer and Mr. Beni each sell with commercial effect as of the Effective Date and assign on the Scheduled Closing Date the Brazilian Local Management Shares to Purchaser 2, or any of its Affiliates designated by Purchaser 2 prior to the Scheduled Closing Date, by executing the instruments set out in the form as set forth in Exhibit 2.5 in the Portugese language (herein "Brazilian Share Transfer Instruments").

2.6 DHZ hereby sells with commercial effect as of the Effective Date and hereby assigns subject to all of the Closing Conditions (as defined in Section 6.2 below) having been fulfilled and all of the Closing Events (as defined in Section 6.6 below) having taken place or having been duly waived with effect as of the Closing Date to Purchaser 3 the Austrian Share. Purchaser 3 hereby purchases and accepts the assignment of the Austrian Share in accordance with the forgoing sentence.

2.7 The following consents all of which comply with and satisfy all local legal and contractual requirements have been given on, or prior to, the Closing Date to the sale, assignment and transfer of the German Limited Partnership Interest and the Foreign Shares:

2.7.1 Consent of the partners' meeting of DD KG as attached in Exhibit 2.7.1;

2.7.2 Consent of the board of directors of Sankin as attached in Exhibit 2.7.2;

2.7.3 Waiver of Mr. Niemeyer of his right of first refusal with respect to the transfer of shares in DD Ltda. as attached in Exhibit 2.7.3;

2.7.4 Consent of the shareholder's meeting of DD Austria as attached in Exhibit 2.7.4;

2.7.5 Consent of the shareholder's meeting of DHZ as attached in Exhibit 2.7.5.

3. Sale, Purchase and Assignment of the Japanese Shareholder's Loan; Interim Financing Facility

3.1 Degussa hereby sells with commercial effect as of the Effective Date and hereby assigns, subject to Section 3.2 below, with effect as of the Closing Date to Purchaser 2 the Japanese Shareholder's Loan. Purchaser 2 hereby purchases, in partial consideration of the Purchase Price, from Degussa the Japanese Shareholder's Loan and accepts the assignment in accordance with the foregoing sentence.

3.2 The assignment of the Japanese Shareholder's Loan is subject to all of the Closing Conditions (as defined in Section 6.2 below) having been fulfilled and all of the Closing Events (as defined in Section 6.6 below) having taken place or having been duly waived.

3.3 To ensure financing of the Companies after termination of the Cash Management Agreements as set out in Section 1.8 above, Degussa shall provide to the Companies interim financing facilities for the period between the Effective Date and the Closing Date in amounts reasonably required for funding the Business in accordance with past practice and projected financing needs of the Business during the aforementioned period (herein "Interim Financing Facility"). The Interim Financing Facility shall be redeemed at the Closing Date in accordance with Section 4.2 below.

4. Purchase Price

4.1 The purchase price for (i) the German Limited Partnership Interest, (ii) the Partner's Accounts, (iii) the Foreign Shares, (iv) the Brazilian Local Management Shares, and (v) the Japanese Shareholder's Loan (herein collectively "Object of Sale") shall be an amount calculated as follows:

4.1.1 A fixed amount of Euro 576,000,000 (in words: Euro five hundred seventy six million) (herein "Base Amount");

minus

4.1.2 the consolidated nominal amount of any interest bearing debt obligations of the Consolidated Companies listed in Exhibit 4.1.2 (herein "Consolidated Companies") to banks, financial or other similar institutions, including any amounts owed by the Consolidated Companies under the respective Cash Management Agreements prior to their termination (herein "Financial Debt"), each existing as per the Effective Date, excluding for the avoidance of doubt (a) the Japanese Shareholder's Loan, (b) any unfunded pension liabilities of the Consolidated Companies and (c) the Fa

cility Amount (as defined in Section 4.2 below);

plus

4.1.3 the consolidated amount of cash and cash equivalents (within the meaning of Section 266 (2) (B) (III) (3) and (IV) German Commercial Code (HGB) of the Consolidated Companies including any amounts to be paid to the Consolidated Companies under the respective Cash Management Agreements prior to their termination (herein "Cash"), each existing as per the Effective Date;

plus

4.1.4 the consolidated amount, if any, by which the balance of (i) the amount of the inventory (excluding the palladium stock) within the meaning of Section 266 (2) (B) (I) German Commercial Code (HGB) (Vorrate) plus the trade accounts receivables within the meaning of Section 266 (2) (B) (II) (1) German Commercial Code (HGB) (Forderungen aus Lieferungen und Leistungen) including inter-company trade accounts receivables, and (ii) the amount of the trade accounts payable within the meaning of Section 266 (3) (C) (IV) (4) German Commercial Code (HGB) (Verbindlichkeiten aus Lieferungen und Leistungen) including inter-company trade accounts payable, for the Historic Consolidated Companies including DD Austria (herein "Working Capital") each existing as per the Effective Date, exceeds * * * * * * * * * * * *; a sample calculation of the Working Capital as per December 31, 2000 being attached hereto as Exhibit 4.1.4 and it being understood that for such purposes DD Austria was, or shall be, respectively included on the basis of the Austrian Financial Statements (excluding the palladium stock);

minus

4.1.5 the amount, if any, by which the Working Capital existing as per the Effective Date falls short of * * * * * * * * * * * * *;

minus

4.1.6 the amount of * * * * * * * * * * * * * * only in the event that the waiver of the Italian Third Party Shareholder of its right of first refusal with respect to the transfer of the shares in Defradental shall not have been obtained or shall not be deemed to have been obtained prior to the date on which the Effective Date Accounts become binding on the Parties in accordance

with Section 5 below;

plus interest at the rate of 6.5% p.a. since the Effective Date (herein "Purchase Price").

4.2 On the Scheduled Closing Date, Purchasers shall pay to Sellers (i) an amount of Euro 548,000,000 (in words: Euro five hundred forty eight million) (herein "Preliminary Purchase Price") and (ii) for the account of the Companies, the aggregate amount owed to Degussa by the Companies under the Interim Financing Facility including interest thereon at the rate of 6.5% p.a. accrued from the calendar day subsequent to Effective Date (inclusive) until the Closing Date (exclusive) (herein "Facility Amount"). "EURIBOR" for purposes of this Agreement shall mean the interest rate for Euro deposits with interest periods of three (3) months, as quoted on the Bridge Telerate Screen 248 at 11 a.m. C.E.T. two (2) banking days in Frankfurt am Main prior to Effective Date. The Preliminary Purchase Price and the Facility Amount shall be paid by Purchasers free of costs and charges in immediately available funds by wire transfer into the account of Sellers set forth in Section 4.6 below.

4.3 The Parties agree that the Preliminary Purchase Price, and any subsequent Purchase Price Adjustment (as provided for in Section 4.4 below) shall be allocated to the Object of Sale as set out in Exhibit 4.3.

4.4 If on the basis of the Effective Date Accounts prepared in accordance with the provisions set forth in Section 5.1 below, the Purchase Price exceeds the Preliminary Purchase Price, Purchasers shall pay to Sellers an amount equal to the amount by which the Purchase Price is higher than the Preliminary Purchase Price and, if, on the basis of the Effective Date Accounts, the Preliminary Purchase Price exceeds the Purchase Price, Sellers shall pay to Purchasers an amount equal to the amount by which the Preliminary Purchase Price is higher than the Purchase Price. Any such amount to be paid by either Purchasers or Sellers (herein "Purchase Price Adjustment") shall be paid as follows:

4.4.1 Any Purchase Price Adjustment owed by Purchasers shall be paid by Purchasers free of costs and charges in immediately available funds by wire transfer ten (10) banking days in Frankfurt am Main after the Effective Date Accounts have become final and binding upon the Parties in accordance with Section 5 below to the account of Degussa set forth in Section 4.6 below.

4.4.2 Any Purchase Price Adjustment owed by Sellers shall be paid by Sellers free of costs and charges in immediately available funds by wire transfer

ten (10) banking days in Frankfurt am Main after the Effective Date Accounts have become final and binding upon the Parties in accordance with Section 5 below to the account of Purchaser 1 set forth in Section 4.7 below.

4.5 Except as provided otherwise in this Agreement, Purchasers and Sellers owe the other party interest (Verzugszinsen) on any amounts becoming due and payable to Sellers or Purchasers, as the case may be, under this Agreement as from the respective payment dates, to, but not including, the day of payment at the rate of 700 basis points over EURIBOR.

4.6 All payments owed by Purchasers to Sellers under this Agreement shall be paid by Purchasers by wire transfer to the bank account of Degussa kept with Degussa Bank GmbH, Frankfurt am Main, sort code (Bankleitzahl) 500 107 00, account number 390053, SWIFT: DEGUDEFF.

4.7 All payments owed by Sellers to Purchasers under this Agreement shall be paid by Sellers by wire transfer to Purchaser 1's bank account the details of which shall be communicated to Sellers by Purchasers, if and when requested by Sellers.

C. EFFECTIVE DATE ACCOUNTS, SIGNING DATE, EFFECTIVE DATE, CLOSING DATE AND CLOSING

5. Effective Date Accounts

5.1 The Financial Debt, the Cash and the Working Capital, each existing as of the Effective Date, as well as any Purchase Price Adjustment resulting therefrom, shall be determined on the basis of pro-forma consolidated accounts as of the Effective Date for the Consolidated Companies which shall be prepared by DD KG in co-operation with Degussa and reviewed by KPMG Deutsche Treuhand Aktiengesellschaft Wirtschaftsprufungsgesellschaft, Frankfurt am Main (herein "Sellers' Auditor") in accordance with US generally accepted principles of accounting and preparation of annual accounts (herein "US GAAP"), subject to utilizing and continuing the same capitalization, election rights, valuation and consolidation principles as used in preparation of the Financial Statements (as defined in Section 7.1.16 below) on the basis of Degussa's accounting and consolidation standards, a complete copy of which was delivered to Purchasers prior to the Signing Date (herein "Effective Date Accounts").

5.2 Sellers shall until the Closing Date and Purchasers shall after the Closing Date instruct the management of each of the Consolidated Companies to effectively assist

Sellers' Auditor in reviewing the Effective Date Accounts, in particular, by providing all information and documentation requested by Sellers. The Effective Date Accounts prepared by DD KG in co-operation with Degussa and reviewed by Sellers' Auditor shall be delivered to PriceWaterhouseCoopers, Philadelphia (herein "Purchasers' Auditor") no later than ninety (90) days after the Effective Date. Purchasers' Auditor shall receive all necessary assistance and shall be given reasonable access to the management of the Consolidated Companies, and to all relevant documentation, necessary for reviewing the Effective Date Accounts, including the working papers of Sellers' Auditor, subject, however to Sellers' Auditor's approval which Sellers shall use best efforts to obtain prior to the Closing Date.

5.3 The Effective Date Accounts submitted by Sellers shall be final and binding upon the Parties, and the calculation of the Financial Debt, the Cash and the Working Capital shall be based on the Effective Date Accounts, unless Purchasers provide Sellers within forty five (45) days after the receipt of the Effective Date Accounts with a written report asserting that the Effective Date Accounts received from Sellers do not meet the provisions of this Agreement by way of stating specific objections to that effect. Such written report shall be submitted to Sellers within the forty-five (45) days' period mentioned before which shall take into account the changes that are necessary in Purchasers' Auditor's view (herein "Revised Effective Date Accounts"). If no objections are raised by Sellers within four (4) weeks following the delivery of the Revised Effective Date Accounts by Purchasers' Auditor, then the Revised Effective Date Accounts shall be final and binding on the Parties.

5.4 If Sellers timely raise objections (herein "Objections") to the Revised Effective Date Accounts and Sellers and Purchasers cannot agree on changes to the Revised Effective Date Accounts within four (4) weeks following the delivery of the Objections each of Sellers and Purchasers shall be entitled to refer such dispute for decision to an independent international leading firm of public accountants (big five) other than Sellers' Auditor and Purchasers' Auditor (herein "Expert") which shall determine the correct amount of the Financial Debt, the Cash and the Working Capital, if and to the extent such positions are in dispute between Sellers and Purchasers. If the Parties cannot agree within two (2) weeks on who shall be the expert, the Institute of Chartered Accountants in Germany (Institut der Wirtschaftsprufer in Deutschland e.V.), Dusseldorf, shall appoint the Expert. The Expert shall decide as expert arbitrator (Schiedsgutachter) on the issues in dispute in accordance with the principles set out in Section 5.1 above. The Expert shall give Sellers and Purchasers adequate opportunity to present their views in writing and at a hearing or hearings to be held in the presence of Sellers and Purchasers and their respective advisors. The Parties shall instruct the Expert to deliver its written opinion to them no later than four weeks after the remaining differences are

referred to it. The Expert shall give reasons for its decision in writing on all issues which are in dispute between Sellers and Purchasers. The costs and expenses incurred by the Expert shall be borne equally by Sellers on the one hand and Purchasers on the other hand. The Effective Date Accounts as determined by the Expert shall be final and binding on the Parties subject to Section 319 German Civil Code (BGB). Each Party shall give the Expert full access to information required for its decision.

6. Signing Date, Effective Date, Closing Date and Closing

6.1 Signing Date, Effective Date and Closing Date shall each have the following meaning in this Agreement:

6.1.1 "Signing Date" shall be the day on which this Agreement has been duly executed before a notary public.

6.1.2 "Effective Date" shall be the first calendar day 0:00 hours of the month in which the Closing of this transaction as contemplated under Section 6.5 shall occur.

6.1.3 "Closing Date" shall be the day on which the Closing Events shall take place.

6.2 This Agreement shall be closed (erfullt) pursuant to Section 6.5 below only, if the following conditions are fulfilled (herein collectively "Closing Conditions"):

6.2.1 The merger control approvals under (i) ss.ss. 35 et seq. German Antitrust Act (GWB), and (ii) the Dutch 1975 Merger Code granted by the Dutch Committee for Merger Affaires, and (iii) the Austrian Cartel Act, (iv) the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and (v) Title VII, Chapter I, Articles 54-56 of Law No. 8884 Brazilian Antitrust Act (unless Purchasers determine that the Brazilian Antitrust Act is not applicable to the Closing) have been obtained or if for other reasons the transactions provided for in this Agreement may be consummated under the above merger law regimes (e.g. lapse of waiting periods) or Closing is permitted before clearance is received or waiting periods are lapsed.

6.2.2 No enforceable judgment, injunction, order or decree by any court or governmental authority in Germany or the USA has prohibited the consummation of the transactions contemplated in this Agreement as of the day the condition pursuant to Section 6.2.1 is fulfilled and no action is

pending in such respect.

6.3 The Parties undertake to use all reasonable endeavors and to render to each other all reasonably necessary support and cooperation to ensure that the Closing Conditions are fulfilled as soon as possible after the Signing Date. In particular, though each Party remains responsible for preparing and making its own required filings, Purchasers shall take the lead on such filings and Sellers and Purchasers shall cooperate with one another in preparing and making the merger control filings listed under Section 6.2.1 above and in furnishing information regarded as necessary by one of the Parties and/or required in connection therewith. The Parties shall provide any such information promptly and shall inform each other in writing without undue delay as soon as any or all of the Closing Conditions shall have been fulfilled. Purchasers shall undertake or cause to be undertaken all steps to remove any impediments, restrictions, or conditions that may affect the Closing Conditions, including, but not limited to, Purchasers' selling or divesting of tangible or intangible assets or business operations necessary to receive the approval or clearance of competition or antitrust authorities in all jurisdictions referred to in Section 6.2, or to remove any decision, order, decree, complaint, injunction, or other impediment or restriction which impedes or threatens to impede the Closing of this transaction.

6.4 In the event that not all Closing Conditions have been fulfilled within 6 (six) months after the Signing Date, each Party may withdraw from this Agreement (Rucktritt) by giving written notice to the other Parties, unless at that time the Party withdraws from this Agreement the Closing Conditions have been fulfilled.

6.5 Closing (herein "Closing") shall occur within five (5) Business Days (as defined in Section 18.8 below) after all of the Closing Conditions have been fulfilled (herein "Scheduled Closing Date"), but in no event prior to July 1, 2001. Sellers shall notify Purchasers of the Facility Amount payable to Sellers within two (2) Business Days after the receipt by Sellers of the communication that all Closing Conditions have been fulfilled.

6.6 This Agreement shall be closed on the Scheduled Closing Date, or any other day as agreed between the Parties, unless a Party shall have withdrawn from this Agreement pursuant to Section 6.4 above. On the Scheduled Closing Date the Parties shall take, or cause to be taken, at the offices of Mayer, Brown & Platt-Gaedertz, Frankfurt, or such other place as agreed between the Parties the following actions (except for those having been duly waived) (herein "Closing Events"):

6.6.1 Payment of the Preliminary Purchase Price and the Facility Amount into the account of Sellers as set forth in Section 4.6 above;

6.6.2 Execution and delivery of a stock power to transfer the US Shares to Purchaser 2 and execution and delivery by Degussa and DD GmbH of a duly certified application to the commercial register for registration of the termination of DD KG by succession to title (Gesamtrechtsnachfolge durch Anwachsung) by operation of law;

6.6.3 Execution of the share transfer agreements regarding the Foreign Shares in the form as set forth in Exhibits 6.6.3 (1)-(4);

6.6.4 Submission by Sellers of signed resignation letters of the board members representing Sellers which are listed in Exhibit 6.6.4 and board resolutions discharging such board members of their duties as of the Effective Date of their respective resignations;

6.6.5 Delivery by Purchaser 2 of (i) evidence satisfactory to Sellers that the Degussa Guarantees (as defined in Section 13.3) provided by Degussa and its affiliates within the meaning of Section 15 German Stock Corporation Act (AktG) (herein "Affiliates") other than the Companies in favor of the Business have been replaced or (ii) a bank guarantee in the aggregate amount of the outstanding Degussa Guarantees; in each case in accordance with Section 13.3 below;

6.6.6 Execution of a name and trademark agreement between Degussa and DD KG in the form as set forth in Exhibit 6.6.6;

6.6.7 Execution of the Brazilian Share Transfer Instruments.

D. REPRESENTATIONS AND WARRANTIES, REMEDIES AND INDEMNITIES

7. Representations and Warranties of Sellers

7.1 Sellers hereby represent (sichern zu) and warrant (garantieren) by way of a separate promise of guarantee pursuant to Section 305 of the Civil Code (BGB) as of the Signing Date and the Effective Date, unless expressly specified otherwise:

7.1.1 Enforceability, No Conflict. As of the Signing Date and Closing Date, Degussa is a stock corporation (Aktiengesellschaft) and DHZ is a limited liability company (Gesellschaft mit beschrankter Haftung), duly incorpo

rated and validly existing under German law. As per the Closing Date, this Agreement constitutes the legal, valid, and binding obligation of Sellers, enforceable under German laws against Sellers in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or affecting the rights of creditors generally and except that the remedy of specific performance and injunctive relief and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. As per the Signing Date and Closing Date, each of Sellers has the absolute and unrestricted right, power, authority, and capacity to execute this Agreement and to perform its obligations under this Agreement, which actions have been duly authorized and approved by all necessary corporate action of Sellers. Except for the merger control approvals required pursuant to Section 6.2 above, Sellers are not required to give any notice to any person or obtain any consent from any third party or governmental authorization in connection with the execution of this Agreement by Sellers. Neither the execution of this Agreement nor the consummation or performance of any of the transactions contemplated thereby will as per the Closing Date directly or indirectly (with or without notice or lapse of time), contravene or conflict of (i) any governmental authorization, legal requirement or order to which Sellers are bound or subject; (ii) any provision of Sellers' organizational documents, or any resolution adopted by the respective boards of directors or shareholders of Sellers.

7.1.2 Existence of Companies; Ownership of Shares, German Limited Partnership Interest and the Brazilian Local Management Shares. Each of the Companies is, as of the Signing Date and Closing Date, duly incorporated and validly existing under the laws of its jurisdiction. As of the Closing Date, the German Share, the Partnership Interests, the Foreign Shares and the Brazilian Local Management Shares (i) exist in the amounts set out herein, (ii) are fully paid-up and have not been repaid, and (iii) the ownership and all rights pertaining to the German Share, the German Limited Partnership and the Foreign Shares are owned as described in Section 1 of this Agreement and are free and clear of any third party rights and have not been pledged, assigned, charged or used as a security and, except for a right of first refusal granted to Dental Farma regarding the shares held by DD Ltda. in Probem, there exist no rights of preemption, purchase options or call options of third parties.

7.1.3 Bankruptcy or Judicial Composition Proceedings. As of the Closing

Date, no bankruptcy or judicial composition proceedings concerning Sellers or the Companies have been applied for, and to the Best Knowledge of Sellers no circumstances exist which would require the application for any bankruptcy or judicial composition proceedings and to the Best Knowledge of Sellers no circumstances exist pursuant to any applicable bankruptcy laws which could justify the avoidance of this Agreement.

7.1.4 Affiliates, Enterprise Agreements. As of the Closing Date, except as disclosed in Section 1 above, DD GmbH, DD KG and DHZ have no affiliated companies within the meaning of Section 15 German Stock Corporation Act (AktG) nor do they maintain any direct company relationship with any third party, in particular hold no participation or sub-participation in any other company and there exist no enterprise agreements within the meaning of Sections 291 and 292 German Stock Corporation Act (AktG).

7.1.5 Material Agreements. Except for the agreements and commitments listed or disclosed on Schedule 7.1.5 the Companies are not a party to the following agreements and commitments which have not yet been completely fulfilled and the existence of which, or the termination of which, could have a Material Adverse Effect (as defined below) (herein collectively "Material Agreements")

(i) loan and credit agreements, or other agreements or instruments evidencing indebtedness of any of the Companies in excess of Euro 1,000,000.00 or securing such indebtedness such as pledges, guarantees, securities (Burgschaften) or letters of comfort (Patronatserklarungen) and that will continue in effect or with respect to which any of the Companies will have any liabilities after the Closing Date;

(ii) non-compete, restrictive covenants or other agreements that restrict any of the Companies from operating the Business as conducted on the Signing Date except for vertical restrictions under customary distributorship, agency, license agreements and alike agreements all of which are in compliance with applicable national or EU law;

(iii) research and development agreements involving an amount in excess of Euro 100,000.00 p.a.;

(iv) trademark, patent and know how license agreements which involve an amount in excess of Euro 100,000.00 p.a.;

(v) agreements relating to toll manufacturing of any product involving an amount in excess of Euro 500,000.00 p.a.;

(vi) agreements relating to the acquisition or sale of interest including assets, in other companies or businesses;

(vii) lease agreements relating to Real Estate (as defined in Section 10.2.2 below) which, individually, provide for annual payments of Euro 500,000.00 or more;

(viii) contracts or other agreements relating to construction or acquisition of fixed assets or other capital expenditures involving an amount in excess of Euro 200,000.00 p.a.;

(ix) contracts and other agreements to purchase, sell, lease or otherwise dispose of any assets owned by the Companies other than in the ordinary course of business involving an amount in excess of Euro 500,000.00;

(x) contracts providing for a payment obligation in excess of Euro 250,000.00 p.a. that would terminate or could be terminated as a result of the consummation of the transaction contemplated under this Agreement;

(xi) liabilities to employees arising from employee inventions (Arbeitnehmererfindungen and the like) in excess of Euro 100,000.00 per person per invention; and

(xii) contracts or commitments giving any party with rights thereunder the right to terminate, modify, accelerate or otherwise change the existing rights or obligations of a Consolidated Company.

For the purpose of this Agreement, "Material Adverse Effect" means any change or effect that is materially adverse to the financial condition, results of operations, business operations or assets of either (i) the Business of any of the Companies as conducted in Germany (herein "German Business") taken as a whole or (ii) the Business of the Companies as conducted in the Netherlands (herein "Dutch Business") taken as a

whole or (iii) the Business of the Companies as conducted in the United States (herein "US Business") taken as a whole or (iv) the Business of the Companies as conducted in Japan (herein "Japanese Business") taken as a whole.

7.1.6 Compliance with Material Agreements. Except as disclosed in Schedule 7.1.6, , each of the Companies have complied with their obligations under the Material Agreements, except for any default or breach which would not cause a Material Adverse Effect. To the Best Knowledge of Sellers, none of the Material Agreements has been terminated by any Party, nor has any party given written notice about its intention to terminate a Material Agreement. To the Best Knowledge of Sellers, the Material Agreements are valid and in full force as of the Signing Date.

7.1.7 Material Intellectual Property Rights. The Companies own and to the Best Knowledge of Sellers, lawfully use all such patents, design models, and trade marks which are material to carry on the German Business, or the Dutch Business, or the US Business or the Japanese Business, each as conducted as of the Signing Date and each taken as a whole (except for licenses of, and similar rights in, application software) (herein collectively "Material Intellectual Property Rights"). Schedule 7.1.7 contains a true and complete list of all Material Intellectual Property Rights owned and/or used by the Business indicating (i) the nature and owner of the Material Intellectual Property Rights and (ii) if applicable, the jurisdiction in which such Material Intellectual Property Rights have been registered and registration information.

7.1.8 Proceedings Relating to Material Intellectual Property Rights and Products related to Intellectual Property. Except as disclosed in Schedule 7.1.8, the (i) Material Intellectual Property Rights are not subject to any pending or threatened proceedings for opposition, cancellation, revocation or rectification, (ii) to the Best Knowledge of Sellers the use of the Material Intellectual Property Rights does not infringe any rights of third parties, and (iii) are, subject to customary expiry, duly administered and renewed. To the Best Knowledge of Sellers, the products and services currently offered for sale or sold by the Business do not infringe any intellectual property rights of third parties.

7.1.9 Insurance. The Companies maintain in full force and effect for their own benefit policies of insurance until the Closing Date against fire, water, theft and other usually insured business risks which are listed in Schedule 7.1.9. In addition, Schedule 7.1.9 contains the correct and complete

description of the Companies' product liability loss history for the last five (5) years prior to the Signing Date exceeding in each individual case Euro 50,000.00.

7.1.10 Material Assets. Except as disclosed in Schedule 7.1.10, the Companies own, or hold lawful possession of, all fixed assets (Anlagevermogen) and inventories (Vorrate) (i) necessary and material for carrying out the Business in substantially the same fashion and manner as of the Signing Date and (ii) which are reflected in the Financial Statements (as defined in Section 7.1.16 below) or which have been acquired after December 31, 2000, except for such assets which were sold, abandoned or otherwise disposed of in the ordinary course of business since December 31, 2000 (herein collectively "Material Assets"). The Material Assets are not charged with any rights of third parties including the transfer for security purposes (Sicherungsubereignungen) except for (i) customary rights of retention of title (handelsubliche Eigentumsvorbehalte), liens, pledges or other security rights in favor of suppliers, mechanics, workers, carriers and the like; (ii) security of rights granted to banks and other financial institutions in respect of debt reflected in the Financial Statements or in the Effective Date Accounts; (iii) statutory security rights in favor of tax authorities or other governmental entities. The Material Assets are in a useable condition in order to continue the Business substantially in the same fashion as conducted as of the Signing Date. Neither the execution of this Agreement nor the consummation or performance of any of the transactions contemplated thereby shall result in the creation of any lien security interest, charge or encumbrance upon the Material Assets of the Consolidated Companies. The palladium stock as per the Effective Date shall * * * * * * * * * * * * * *.

7.1.11 Permits. To the Best Knowledge of Sellers, the Companies are in possession of all material governmental approvals, licenses and permits necessary to operate the business of each Company as it is conducted as of the Effective Date and which are material for the German Business, or the Dutch Business, or the Japanese Business, or the US Business each taken as a whole (herein collectively "Permits") except as disclosed in Schedule 7.1.11. To the Best Knowledge of Sellers no circumstances exist which would reasonably be expected to result in a revocation or limitation of the Permits or which would reasonably be expected to lead to the imposition of conditions to the Permits which would cause a Material Adverse Effect.

7.1.12 Litigation. The Companies are not involved in court or administrative

proceedings, including arbitration proceedings, either as plaintiff or defendant having a litigation value (Streitwert) exceeding Euro 250,000.00 in the individual case except as disclosed in Schedule 7.1.12. There are no product liability claims pending or to the Best Knowledge of Sellers threatened against the Companies with a litigation value exceeding Euro 250,000.00 in the individual case.

7.1.13 Tax Returns, Notices. All tax returns required to be filed by the Companies on or before the Effective Date have been filed and the Companies have paid all amounts due and owing with respect to such tax returns.

7.1.14 Collective Bargaining Agreements. Schedule 7.1.14 includes all individual or collective employment agreements (i.e. agreements which are entered into between a Company and a group of employees or a representative body of employees of a company, unless such agreements repeat mandatory statutory law only) which contain (i) benefit or incentive plans relating to a change of control of a Company; (ii) limitations to terminate employment agreements, including providing for severance payments; and/or (iii) obligations of a company to make specific investments or to guarantee a certain number of employees.

7.1.15 Pensions. All obligations, whether arising by operation of law, by agreement or past custom, for due payments and due and payable contributions with respect to direct or indirect pension and retirement benefits to the employees and former employees of the Companies pertaining to periods prior to the Effective Date have been paid, or shall be paid, or have been sufficiently accrued for in the Financial Statements except as set forth in Schedule 7.1.15, and as it regards DD KG in accordance with German generally accepted accounting principles.

7.1.16 Financial Statements. The pro-forma consolidated financial statements of the Companies listed in Exhibit 7.1.16 (herein collectively "Historic Consolidated Companies") for the fiscal year ended on December 31, 2000 (herein "Consolidated Financial Statements") as examined and audited by Sellers' Auditor, have been prepared in accordance with US GAAP. The Consolidated Financial Statements present a true and fair view of the assets and the financial condition of the Historic Consolidated Companies as per December 31, 2000. The Consolidated Financial Statements are based on accounts which have been prepared by the Historic Consolidated Companies, in accordance with local GAAP, on the basis of Sellers' accounting and consolidation standards which are referred to in Section 5.1. The part of the spin-off balance sheet relating to

the assets and liabilities to be spun off by Degussa-Huls CEE GmbH as per December 31, 2000 into DD Austria (herein "Austrian Financial Statements") as examined and audited by Sellers' Auditor, has been prepared in accordance with Austrian GAAP on the basis of Sellers' accounting and consolidation standards which are referred to in Section 5.1. The Austrian Financial Statements present a true and fair view of the assets and the financial condition of DD Austria as per December 31, 2000 as it had been in existence at such date. The Consolidated Financial Statements and the Austrian Financial Statements are herein collectively referred to as "Financial Statements".

7.1.17 Compliance With Laws. Except as disclosed in Schedule 7.1.17 the Business is conducted, and will be conducted from the date of the Financial Statements until the Closing Date in the ordinary course and substantially in compliance with all applicable laws and Permits except where the failure so to comply would not have a Material Adverse Effect. To the Best Knowledge of Sellers, all products of the Companies fulfill the current technical, biological, clinical and medical standards known and reasonably applied in Germany and as the case may be the US. Products sold by the Companies prior to the Closing Date and returned to the Companies shall not exceed in the aggregate, based on the sales price of such products, 0.25% of the gross sales during the sixty (60) day period immediately preceding the Closing Date.

7.1.18 Material Adverse Changes after Signing Date, Conduct of Business. Except as disclosed in Schedule 7.1.18, and apart from general developments in the marketplace, during the period from January 1, 2001 until the Closing Date

7.1.18.1 no material adverse changes in the assets, liabilities, financial conditions or the results of operations of the Companies taken as a whole have occurred with a financial impact on the Companies taken as a whole exceeding Euro 2,000,000.00 (in words: Euro two million); and

7.1.18.2 the Companies have continued to conduct their respective business operations in all material respects in the ordinary course of business in a manner consistent with past practice except for transactions reflected in this Agreement.

7.1.19 Investment Grants. No investment grants or subsidies exceeding an

amount of Euro 50,000.00 shall be repayable as a consequence of the performance of this Agreement or any events or circumstances which were in existence on or before the Closing Date.

7.1.20 Properties. With respect to the real property formerly and/or presently owned or leased by the Companies (herein "Properties") effective as of the Effective Date and the Closing Date:

7.1.20.1 Schedule 7.1.20.1 completely lists the Properties of which the Company is the owner. The Companies have good title to all of the Properties listed in Schedule 7.1.20.1. The Companies' occupation and use of the Properties listed in Schedule 7.1.20.1 and the Companies' conduct therein of the Business do not violate any law, rule, regulation or zoning or use ordinance of any governmental agency or authority resulting in a Material Adverse Effect. The Properties which are owned or leased as per the Signing Date comprise all the real properties used for the operation of the Business as conducted as of the date of the Financial Statements and as prior to the Effective Date.

7.1.20.2 Except as listed in Schedule 7.1.20.2, the buildings are properly maintained until the Closing Date and the structures and buildings on the Properties have no defects which would materially impair a normal continuation of the operations of the business of the Companies.

7.1.20.3 The properties are free of any liens, encumbrances or claims of any kind except for the encumbrances registered in the applicable land register as of the Signing Date or as shown in Schedule 7.1.20.3.

7.1.20.4 Except as reflected in the Financial Statements there will be no taxes or other administrative dues and fees outstanding for payment, including development charges (herein "Administrative Charges") with respect to the Properties. All Administrative Charges which are allocable to the time prior to the Effective Date - irrespective of the fact when they will become due - shall be reflected in the Financial Statements.

7.1.20.5 The principal means of access to the Properties is over public roads, which are maintained at the public expense, or is se

cured by rights of way over private property registered in the land registry and are not subject to the rights of termination by any third party. The Properties making up the site of the Companies enjoy the main services of water, drainage, electricity and gas.

7.1.20.6 Schedule 7.1.20.6 lists and describes briefly all real property leased or subleased to the Companies. Sellers have delivered or made available to Purchasers correct and complete copies of the leases and subleases listed in Schedule 7.1.20.6. To the Best Knowledge of Sellers each such lease and sublease is in full force and effect against the lessee or sublessee thereunder in all material respects.

7.1.21 Purchasers shall have no obligation or liability to pay on behalf of Sellers any fees or commissions to any broker, finder or agent with respect to the transaction contemplated hereunder.

7.2 All Schedules referred to in Section 7.1 are collectively referred to as the "Disclosure Schedules". No further representations and warranties are given other than those made or given by Sellers in this Agreement.

7.3 For the purpose of this Agreement, "Best Knowledge" of Sellers shall mean the actual knowledge of any of the members of the Executive Board (Vorstand) of Degussa, the Management Board (Geschaftsfuhrung) of DHZ or Mr. Gerd Schulte, Mr. Rudolf Lehner or Mr. Rainer Krau(beta) after due inquiry of the current management of the Companies in relation to the representations and warranties contained in Section 7.1 above.

8. Representations and Warranties of Purchasers and Guarantor

Purchasers and Guarantor each represents and warrants as of the Signing Date and the Effective Date:

8.1 Enforceability, No Conflict. This Agreement constitutes the legal, valid and binding obligation of Purchasers and Guarantor, enforceable against Purchasers and Guarantor in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally and except that the remedy of specific performance and injunction relief and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court

before which any proceeding therefor may be brought. The Purchasers and Guarantor have the absolute and unrestricted right, power, authority, and capacity to execute this Agreement and to perform its obligations under this Agreement, which actions have been duly authorized and approved by all necessary corporate action of Purchasers and Guarantor. Except for the merger control approvals required pursuant to Section 6.2 above, Purchasers and Guarantor are not required to give any notice to any person or obtain any consent or governmental authorization in connection with the execution of this Agreement by Purchasers and Guarantor. Neither the execution of this Agreement nor the consummation or performance of any of the transactions contemplated thereby will directly or indirectly violate the certificate of incorporation or by-laws or any contract of Purchasers and Guarantor or violate any applicable law, rule, regulation, judgment, injunction, order or decree in Germany or any other country where the Purchasers and Guarantor are domiciled.

8.2 Litigation. There is no action, suit, investigation or proceeding pending against, or to the knowledge of Purchasers and Guarantor, as of the Signing Date, threatened against or affecting Purchasers and Guarantor before any court or arbitrator or governmental body, agency or official which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transaction contemplated hereunder.

8.3 Financial Capability. Purchasers have sufficient immediately available funds or binding and unconditional and irrevocable financing commitments to pay the Purchase Price for the Business pursuant to Section 4.1 above.

8.4 Finders' Fees. Sellers shall have no obligation or liability to pay on behalf of Purchasers any fees or commissions to any broker, finder or agent with respect to the transaction contemplated hereunder.

8.5 Acquisition at Own Account. Purchasers are acquiring the Business for investment at Purchasers' own account, and neither as a nominee nor agent nor with a view to the resale or distribution of any part thereof within six (6) months after the Closing Date, and Purchasers have no present intention of selling, granting any participation in, or otherwise distributing the Business. Purchasers have not entered into any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Business or any part thereof.

8.6 No Knowledge of Breach. To Purchasers' and Guarantors' knowledge, there exists no breach of any representation and warranty made by Sellers in this Agreement, which would give rise to a claim under Section 9 of this Agreement. For the purpose of this Section 8 Purchasers' and Guarantors' knowledge shall mean the actual

knowledge of the management of Purchasers and Guarantor and individuals who have assisted Purchasers in connection with its due diligence investigation and the negotiation and the execution of this Agreement, as identified on Exhibit 8.6.

9. Remedies

9.1 In the event of any breach or non-fulfillment by Sellers of any of the covenants, representations or warranties contained in this Agreement, Sellers shall be liable as joint and several debtors (Gesamtschuldner) for putting Purchasers, or at the election of Sellers, if it is possible, the respective Company into the same position that it would have been in if the representations and warranties contained in Section 7.1 above had been true and correct or had not been breached (Naturalrestitution), or, at the election of Sellers, to pay damages for non-performance (kleiner Schadenersatz). Sellers shall be liable for any consequential damages (Folgeschaden) and lost profits (entgangener Gewinn) provided that such damages or lost profits were adequately caused (adaquat kausal verursacht) by such breach of the representation or warranty. Sellers shall not account for any internal costs and expenses incurred by the Companies or Purchasers. If and to the extent a Purchaser Claim (as defined in Section 9.2 below), other than a claim as to ownership of shares relates to damages or losses incurred (i) by Sankin, Sellers<180> obligation under Section 9.1 shall be limited to 94 % of the amount of actual damage or loss or (ii) by Defradental, Sellers' obligation under Section 9.1 shall be limited to 45 % of the amount of actual damage or loss or (iii) by Probem, Sellers' obligation under Section 9.1 shall be limited to 60 % of the amount of actual damage or loss.

9.2 In the event of any breach or non-fulfillment by Sellers of any representations or warranties contained in this Agreement (herein "Purchaser Claim"), Purchasers shall give Sellers notice of such breach or non-fulfillment, with such notice stating the nature thereof and the amount involved, to the extent that such amount has been determined at the time when such notice is given promptly after discovery of such breach or non-fulfillment. The failure to give such notice shall not preclude or bar such claims but shall reduce such claims to the extent of prejudice to the Sellers. Without prejudice to the validity of the Purchaser Claim or alleged claim in question, Purchasers shall allow, within thirty (30) days of Purchasers' notice and shall cause the Companies to allow, Sellers and their accountants and their professional advisors to investigate the matter or circumstance alleged to give rise to such Purchaser Claim, and whether and to what extent any amount is payable in respect of such Purchaser Claim and, for such purpose, Purchasers shall give and shall cause the Companies to give, subject to their being paid their reasonable out-of-pocket costs and expenses, such information and assistance, including access to Purchasers' and the Companies' premises and personnel and including the right to

examine and copy or photograph any assets, accounts, documents and records, as Sellers or their accountants or professional advisors may reasonably request.

9.3 Sellers shall not be liable for, and Purchasers shall not be entitled to bring, any Purchaser Claim or any other claim under or in connection with this Agreement, if and only to the extent that:

9.3.1 the matter to which the Purchaser Claim relates has been taken into account in the Financial Statements by way of a provision (Ruckstellung), or depreciation (Abschreibung), or exceptional depreciation (au(beta)erplanma(beta)ige Abschreibung), or depreciation to reflect lower market values (Abschreibung auf den niedrigeren beizulegenden Wert);

9.3.2 the matter to which the Purchaser Claim relates has been taken into account in the Effective Date Accounts for the determination of the Working Capital;

9.3.3 the amount of the Purchaser Claim is recovered from a third party or an insurance policy in force on the Effective Date;

9.3.4 the Purchaser Claim results from a failure of Purchaser or the Companies to mitigate damages pursuant to Section 254 German Civil Code (BGB);

9.3.5 the matter which gives rise to the Purchaser Claim , was known by any of the Purchasers or Guarantor as of the Signing Date; in this regard, Purchasers acknowledge the receipt of (i) the Information Memorandum prepared by UBS Warburg AG, Frankfurt, dated
March 12, 2001, including the two (2) correction statements referring thereto (ii) the final draft financial due diligence report Volume 1a- Summary prepared by PricewaterhouseCoopers GmbH Wirtschaftsprufungsgesellschaft, Frankfurt, dated March 28, 2001, and (iii) the final draft environmental due diligence report prepared by ENVIRON Germany GmbH, Essen, dated March 2001;

9.3.6 the Purchaser Claim results from or is increased by the passing of, or any change in, after the Effective Date, any law, statute, ordinance, rule, regulation, common law rule or administrative practice of any government, governmental department, agency or regulatory body including (without prejudice to the generality of the foregoing) any increase in the rates of Taxes (as defined in Section 11.1 below) or any imposition of Taxes or any withdrawal or relief from Taxes not actually (or prospectively) known to Sellers or in effect at the Effective Date;

9.3.7 the procedures set forth in Sections 9.5 and/or 11.4 were not observed by Purchasers or the Companies and Sellers were prejudiced thereby.

9.4 Sellers shall not be liable for any Purchaser Claim, if and to the extent either Purchasers or the Companies have caused (verursacht oder mitverursacht) such Purchaser Claim after the Effective Date.

9.5 If the Companies or any of Purchasers is sued or threatened to be sued by a third party, including without limitation any government agencies, or if the Companies or Purchasers are subjected to any audit or examination by any tax authority (herein "Third Party Claim"), which may give rise to a Purchaser Claim or a claim under Section 11 below, Purchasers shall give Sellers prompt notice of such Third Party Claim. Purchasers, at Sellers expense, shall ensure that Sellers shall be provided with all materials, information and assistance relevant in relation to the Third Party Claim, be given reasonable opportunity to comment or discuss with Purchasers any measures which Sellers propose to take or to omit in connection with a Third Party Claim, and in particular Sellers shall be given an opportunity to comment on, participate in, and review any reports and all relevant tax and social security audits or other measures and receive without undue delay copies of all relevant orders (Bescheide) of any authority. No admission of liability shall be made by or on behalf of the Purchasers or the Companies and the Third Party Claim shall not be compromised, disposed of or settled without the prior written consent of the Sellers which consent shall not be unreasonably withheld. Further, Sellers shall be entitled at their own discretion to take such action (or cause the Purchasers or the Companies to take such reasonable action) as they shall deem necessary to avoid, dispute, deny, defend, resist, appeal, compromise or contest such Third Party Claim (including making counter claims or other claims against third parties) in the name of and on behalf of the Purchasers or the Companies concerned and the Purchasers will give and cause the Companies to give, subject to them being paid all reasonable out-of-pocket costs and expenses, all such information and assistance, as described above, including access to premises and personnel and including the right to examine and copy or photograph any assets, accounts, documents and records for the purpose of avoiding, disputing, denying, defending, resisting, appealing, compromising or contesting any such claim or liability as Sellers or their professional advisors may reasonably request. Sellers agree to use all such information confidentially and only for such purpose. All costs and expenses reasonably incurred by Sellers in defending such Third Party Claim shall be borne by Sellers.

9.6 The Parties are in agreement that the remedies which the Purchasers, or any of the Companies, may have against Sellers for breach of obligations set forth in this

Agreement are solely governed by this Agreement, and the remedies provided for by this Agreement shall be the exclusive remedies available to Purchasers, or any of the Companies. Apart from the rights of Purchasers under Section 6.4 above, this Section 9 and Sections 10 and 11 below (i) any right of Purchasers to withdraw (Wandlung) or rescind (Rucktritt) from this Agreement or to require the winding up of the transaction contemplated hereunder (e.g. by way of gro(beta)er Schadenersatz), and (ii) any claims for breach of pre-contractual obligations (culpa in contrahendo), or ancillary obligations (positive Forderungsverletzung), except claims for willful deceit (arglistige Tauschung), are hereby expressly excluded and waived by Purchasers.

10. Environmental Indemnity

10.1 Sellers shall, subject to the provisions contained in this Section 10, as joint and several debtors indemnify, defend and hold harmless Purchasers from and against all Environmental Liabilities (as defined in Section 10.2.1 below) resulting from (i) a final (bestandskraftig) and enforceable (vollziehbar) order, decree or demand issued by any governmental authority (Behorde), or (ii) an imminent danger to the well-being or health (unmittelbare Gefahr fur Leib oder Leben), or (iii) a final court judgment rendered in connection with a private party or governmental claim, in each case relating to an Existing Environmental Condition (as defined in Section 10.2.2 below). Section 9.1 fourth sentence shall apply accordingly.

10.2 Environmental Liabilities, Existing Environmental Condition, Environmental Laws, Hazardous Materials and Environmental Matters shall each have the following meaning:

10.2.1 "Environmental Liabilities" means the amount of all losses, costs and expenses including reasonable legal fees, expenses and disbursements in connection with (i) an investigation (Ma(beta)nahmen der Gefahrerkundung, Untersuchungsma(beta)nahmen) in connection with the identification of or in anticipation of a remediation of an Existing Environmental Condition, (ii) a clean up (Sanierung) within the meaning of applicable Environmental Laws of an Existing Environmental Condition, (iii) protective containment measures (Schutz-, Sicherungs und Beschrankungs-ma(beta)nahmen) within the meaning of applicable Environmental Laws, relating in each case to an Existing Environmental Condition, or (iv) measures to eliminate, reduce or otherwise remedy an imminent danger to the well-being or the health (Ma(beta)nahmen zur Abwehr von unmittelbaren Gefahren fur Leib oder Leben) resulting from an Existing Environ

mental Condition.

10.2.2 "Existing Environmental Condition" means (i) the pollution or contamination of the soil, ground or air within the meaning of any applicable Environmental Laws of the Real Estate currently or previously owned or used by the Companies, the currently used or owned Real Estate being identified in Exhibit 10.2.2 (herein "Real Estate"), (ii) the contamination of the groundwater beneath the Real Estate, (iii) the disposal of any Hazardous Materials used, generated or stored by the Companies at any on site or offsite location, provided, however, in each case such Existing Environmental Condition existed at, or prior to, the Closing Date, or (iv) any violation of the applicable Environmental Law arising out of the operations of the Business prior to Closing Date.

10.2.3 "Environmental Laws" mean all applicable laws, ordinances, rules, regulations relating to Environmental Matters and being applicable anytime prior to and as of the Closing Date in (i) Germany as it regards the German operations, (ii) the United States as it regards the US operations, (iii) Brazil as it regards the Brazilian operations, (iv) Japan as it regards the Japanese operations, (v) Italy as it regards the Italian operations, (vi) The Netherlands as it regards the Dutch operations, and (vii) Austria as it regards the Austrian operations.

10.2.4 "Hazardous Materials" mean any pollutants, contaminants or toxic substances that are defined as such in the Environmental Laws or give rise to actions by competent authorities under Environmental laws.

10.2.5 "Environmental Matters" mean any matter relating to pollution or contamination or protection of the soil, ground water, surface water, land surface or ground air.

10.3 Sellers' obligation to indemnify and hold harmless Purchasers pursuant to Section 10.1 above shall apply only, if and to the extent that the costs and expenses in relation to the relevant Environmental Liability are incurred by Purchasers prior to the fourth (4th) anniversary of the Effective Date and have been notified to Sellers in writing prior to such date. Provided that the Environmental Threshold Amount (as defined in Section 12.3.2 below) is exceeded, any Environmental Liabilities exceeding the Environmental Threshold Amount up to an amount of Euro 1,000,000.00 (in words: Euro one million) shall be shared between Sellers on the one hand and Purchasers on the other hand on a 80:20 split. Any Environmental Liability exceeding the Environmental Threshold Amount plus the amount of Euro

1,000,000.00 (in words: Euro one million) shall be borne by Sellers in accordance with the terms of this Agreement. Further, the obligation to indemnify and hold harmless Purchasers shall be excluded, if and to the extent the respective Environmental Liability:

10.3.1 is incurred as a result of investigations, preparatory or exploratory measures or notifications after the Closing Date which Purchasers were not obliged to carry out under the applicable laws, ordinances, rules, regulations under the respective jurisdiction which (i) relate directly to Environmental Matters, and (ii) are applicable at the time when the respective Environmental Liability was incurred it being understood however, that any environmental audits conducted in accordance with Purchasers normal practice as applied to its other properties shall not exclude Sellers' indemnification obligation hereunder and pursuant to Section 10.1 above;

10.3.2 is incurred as a consequence after the Closing Date of (i) grossly negligent omissions to take actions required to be taken by the Companies under the applicable laws, ordinances, rules, regulations under the respective jurisdiction relating directly to Environmental Matters and being applicable at the time when the respective Environmental Liability was incurred, or (ii) activities outside of the ordinary course of business of the Companies (as conducted as of the Effective Date) after the Closing Date, or (iii) any grossly negligent act or omission of an employee or other representative of, or service provider to, the Companies after the Closing Date;

10.3.3 results from any failure to take reasonable measures to minimize risks (dem jeweiligen Stand der Technik entsprechende Ma(beta)nahmen der Gefahrenabwehr) or to apply reasonable environmental and safety standards (dem jeweiligen Stand der Technik entsprechende Umwelt- und Sicherheitsstandards) which, in each case, should have been reasonably taken by a prudent businessman after the Closing Date;

10.3.4 results from the coming into force of, or the change in, any Environmental Laws after the Closing Date except to the extent such results relate to actions taken by the Companies prior to the Closing Date;

10.3.5 the procedures set forth in Section 10.4 have not been complied with, but only to the extent Sellers were prejudiced for the non-compliance with such procedures.

Apart from the foregoing, Section 9.3 shall apply accordingly.

10.4 If any of Purchasers becomes aware of any circumstances which might give rise to an Environmental Liability of Sellers under Section 10.1 above, then Purchasers shall inform Sellers in writing thereof without undue delay and any measures within the meaning of Section 10.2.1 (i)-(iv) shall be conducted solely in consultation with Sellers. Sellers shall be given access at their own expense to the Real Estate and the books and records of Purchasers (or any of its successors, as the case may be) to the extent that such access is reasonably necessary to assess any Environmental Liability being incurred. Purchasers shall ensure that for as long as Sellers may be held liable under Section 10.1, copies of all documents relating to the Real Estate which, as of the Closing Date are in the possession of the Companies will be kept available for inspection by Sellers at the premises of the Companies upon Sellers' reasonable request. Section 9.5 shall apply accordingly.

11. Tax Indemnity

11.1 Sellers shall as joint and several debtors indemnify, defend and hold harmless Purchasers or, at the discretion of Purchasers, the Companies, against any taxes customs obligations, obligations relating to levies and any social security obligations, including interest and penalties thereon (herein collectively "Taxes") imposed under the applicable laws and relating to the Companies for periods ending on or before the Effective Date, to the extent such Taxes (i) have not been reserved for in the Financial Statements, and (ii) have become non-appealable. Section 9.1 fourth sentence shall apply accordingly.

11.2 In relation to tax accruals, tax releases, tax benefits and changes in the accounting practices the following shall apply:

11.2.1 Accruals made for Taxes of the Companies in the Financial Statements may be applied and credited against any claim by the Purchasers under Section 11.1 irrespective of whether such accrual or reserve was made for the Tax giving rise to such claim, provided that the total amount of the Taxes is not in excess of the total amount of the accruals made for Taxes of the Companies in the Financial Statements.

11.2.2 If the Companies or their Affiliates are entitled to or receive any benefits by refund, set-off or reduction of Taxes as the result of an adjustment or payment giving rise to a claim for indemnification of Taxes, then the corresponding benefit shall reduce the claim for indemnification of any such Tax. This shall in particular but without limitation apply to any Tax benefits after the Effective Date resulting from the lengthening of any amorti

zation or depreciation periods, higher depreciation allowances or carry forwards of losses or deductions.

11.2.3 Sellers shall not be responsible for any Tax liabilities attributable to periods ending on or before the Effective Date resulting from any change in the accounting and taxation principles or practices of the Companies (including methods of submitting taxation returns) introduced after the Closing Date, except if required under mandatory law.

11.3 Any additional profit and loss allocations resulting from any tax audit relating to taxable periods ending on or before the Effective Date shall not entitle Sellers to any additional profit distribution nor the Purchasers or Sellers to any Purchase Price Adjustment, however, the Tax indemnity of Section 11.1 shall remain unaffected.

11.4 Purchasers shall keep Sellers fully informed regarding the commencement of any tax audit or other proceeding which may give rise to a claim under Section 11.1 above, and Sellers may take such actions as provided in Section 9.5. and Section 9.2 shall apply mutatis mutandis.

11.5 Sellers shall be entitled to any refunds of Taxes received by the Companies attributable to any taxable period ending on or before the Effective Date.

11.6 In relation to the preparation of tax returns the following shall apply:

11.6.1 Sellers shall file (or cause the Companies to file) all tax returns which (i) are due to be filed by or on behalf of the Companies on or before the Closing Date, or (ii) are filed on a consolidated, combined or unitary basis and which include the Companies for taxable periods ending on or before the Closing Date. Purchasers shall file (or cause the Companies to file) all tax returns other than those referred to in the preceding sentence.

11.6.2 Sellers shall be provided a copy of any tax return to be filed by Purchasers or a Company after the Closing Date relating to a taxable period beginning before the Effective Date when such return is completed by Purchasers.

11.6.3 With respect to any tax return to be filed by Sellers which includes any periods ending after the Effective Date, after review and approval by Purchasers, which approval may not be unreasonably withheld, Purchasers shall pay Sellers no later than ten (10) days prior to the due date of such tax return an amount equal to its Tax liability for such periods de

termined on a "stand alone" basis.

11.7 The Parties agree to fully cooperate with each other in connection with any matter relating to Taxes including the preparation of any tax return, conduct of any audit, investigation or contest. Such cooperation shall include, without limitation, providing or making available all relevant books, records and documentation and the assistance of officers and employees. The Purchasers agree to retain all books, records and documentation relating to the Companies that may be relevant in connection with any audit or investigation for which the Sellers may be responsible hereunder until the expiration of any applicable statute of limitation. Further, the Purchasers shall cause the Companies to furnish to Sellers all such information as may be necessary or helpful for Sellers to prepare any tax return to be filed after the Closing Date, provided that Sellers shall reimburse Purchasers' costs which are more than de minimis for furnishing such information.

12. Expiration of Claims; Limitation of Claims

12.1 All claims of Purchasers arising under this Agreement are time-barred within twenty four (24) months after the Signing Date, except for:

12.1.1 all claims of Purchasers arising under Section 10 above (Environmental Indemnity) which shall be time barred on the fourth (4th) anniversary of the Effective Date;

12.1.2 all claims of Purchasers arising under Section 11 above (Tax Indemnity) which shall be time barred for each Tax six (6) months after the date of the final, non-appealable assessment concerning the respective Tax;

12.1.3 all claims of Purchasers in respect of liabilities for defects of title arising from a breach in respect of Section 7.1.2 above which shall be time barred on the tenth (10th) anniversary of the Effective Date;

12.1.4 Claims based on fraud, which shall have no time limit.

12.2 The aforesaid limitations periods for any claims of Purchasers shall be interrupted pursuant to Section 208 German Civil Code (BGB) by any timely demand for fulfillment pursuant to Section 9.2, Section 10.4 or Section 11.1 above, as the case may be, provided that Purchasers commence judicial proceedings within six (6) months after the expiration of the relevant period set forth in Section 12.1 above, or through timely notice of acknowledgment of claim (Anerkenntnis).

12.3 Sellers' aggregate liability under Sections 7, 9, 10 and 11 shall not exceed
Euro 40,000,000.00 (in words: Euro forty million). No liability shall attach to Sellers

12.3.1 under Section 7 and Section 9 unless and until the aggregate of all claims (excluding any De-minimis Claims) exceed Euro 5,000,000.00 (in words: Euro five million) (herein "Threshold Amount");

12.3.2 under Section 10 unless and until the aggregate of all claims (excluding any De-minimis Claims) exceed Euro 1,000,000.00 (in words: Euro one million) (herein "Environmental Threshold Amount");

12.3.3 under Section 11 unless and until the aggregate of all claims (excluding any De-minimis Claims) exceed Euro 1,000,000.00 (in words: Euro one million) (herein "Tax Threshold Amount").

Purchasers shall not be entitled to pursue any claim and no liability shall attach to Sellers under this Agreement in regard to any claims of less than Euro 50,000.00 (in words: Euro fifty thousand) (herein "De-minimis Claims"). If either (i) the Threshold Amount, or (ii) the Environmental Threshold Amount, or (iii) the Tax Threshold Amount is exceeded, Purchasers shall be entitled to the payment of damages pursuant to this Agreement only in the exceeding amount (Freibetrag). The limitations provided for in this Section 12.3 shall not apply to any claims against Sellers under Section 7.1.1 and 7.1.2.

E. COVENANTS, NON-COMPETE UNDERTAKING

13. Covenants / Purchasers' Indemnity

13.1 Sellers shall ensure that the Business will be managed in the ordinary course between the Signing Date and the Closing Date consistent with past practice prior to the Signing Date.

13.2 For the period between the Signing Date and the Closing Date, Sellers shall ensure that the Companies shall (i) preserve their customer and employee relationships, (ii) preserve the assets of the Business in good working condition, reasonable wear and tear excepted, (iii) keep the existing amounts of insurance for the Business in place, (iv) maintain accounting procedures and its books and records consistent with past practice, (v) not make any dividend payments or other distributions of

such kind to Sellers or their Affiliates, (vi) maintain and protect all of its Material Intellectual Property, (vii) comply with applicable legal requirements and contractual obligations (viii) continue to conduct its operations at all locations at which operations are presently conducted, in the ordinary and usual course of business consistent with past practices, (ix) permit Purchasers and their employees, agents and accounting and legal representatives to have access to the records, personnel and facilities of the Companies. Further, for the period between the Signing Date and the Closing Date, Sellers shall ensure that the Companies will not without the consent of Purchasers, except in the ordinary course of business and consistent with past practice (i) permit any of the Material Assets (as defined in Section 7.1.10 above) to be subjected to any mortgage, pledge, lien, security, interest, encumbrance, restriction, or charge of any kind, except for those arising by operation of law, (ii) make any material capital expenditure (i.e. exceeding an amount of Euro 500,000.00) or commitment therefor or enter into any material contract, agreement or commitment with onerous terms which are not consistent with past practices, (iii) grant any increase in wages, salaries, bonus or other remuneration of any employee, (iv) cancel or waive any claims or rights which may have a Material Adverse Effect, (v) authorize or issue any shares of capital stock of the Companies or any options or warrants with respect thereto, or declare or pay any dividends or make any distributions upon or acquire or redeem any of its equity securities, (vi) agree, whether or not in writing, to do any of the foregoing.

13.3 With effect as of the Closing Date, Purchaser 2 (i) hereby assumes at the terms set out hereinafter the guarantees, comfort letters and other guarantees of any kind (all of which are listed in Exhibit 13.3) (herein collectively "Degussa Guarantees") which Degussa or any of their Affiliates (other than the Companies) have provided in favor of the Companies with respect to the Business, to banks, other financial institutions, suppliers, customers or other third parties, and (ii) shall indemnify and hold harmless Degussa and all such Affiliates from all obligations and liabilities arising after the Closing Date out of or in connection with the Degussa Guarantees. Purchaser 2 shall further, prior to or on the Closing Date, either (i) replace the Degussa Guarantees and any additional guarantees, comfort letters and other guarantees of any kind which may be provided in favor of any Company with respect to the Business after the Signing Date (provided that Degussa shall notify Purchaser 2 thereof at least ten (10) business days before the Closing Date), so that Degussa and the Affiliates are fully released from such Degussa Guarantees as of the Closing Date; or (ii) provide, on or prior to the Closing Date, an unconditional bank guarantee (issued by a first class German bank) payable upon first demand for each of the relevant Degussa Guarantees in an aggregate amount equal to the aggregate amount of the outstanding obligations secured by such Degussa Guarantee as notified to Purchasers by Degussa at least ten (10) business days before the Closing Date.

13.4 If after the Closing Date Sellers are held liable for any liability arising in connection with the conduct of the Business by a third party, including but not limited in connection with any Environmental Matter, then Purchasers and Guarantor, jointly and severally shall indemnify and hold harmless Sellers in respect of the relevant liability, unless and to the extent Purchasers have the right to claim indemnification from Sellers in respect of the relevant liability under the terms of this Agreement. Purchasers and Guarantor, jointly and severally shall in particular indemnify and hold harmless Sellers, and their respective Affiliates, officers, directors, shareholders, employees and agents against any and all liability, loss, damage or injury, together with all reasonable out-of-pocket costs and expenses relating thereto, including reasonable legal fees, expenses and disbursements, arising out of, connected with, or resulting from any such third party claim. Section 9.5 shall apply mutatis mutandis.

13.5 Purchasers shall see to it that each of the Companies shall support and assist Degussa, at Degussa's expense, in connection with any litigation or any other proceedings brought or initiated against Degussa in connection with the Business sold and transferred to Purchasers under this Agreement.

13.6 Degussa represents and warrants (garantiert) by way of a separate promise of guarantee pursuant to Section 305 German Civil Code that as of the Closing Date (i) an irrevocable offer by Degussa Pensionskasse in favor of DD KG to waive its hereditary building right (Erbbaurecht) relating to the real estate in Hanau-Wolfgang, Germany, on which the administration building of DD KG is located, in consideration of a total purchase price not exceeding DM 20,000,000.00 (in words: Deutsche Mark twenty million) validly exists and (ii) any necessary official permits for such waiver of the hereditary building right had been obtained including the consent of Degussa Pensionskasse according to Section 70 of the Act on State Supervision of Insurance Companies (Versicherungsaufsichtsgesetz).

13.7 Sellers shall co-operate on a reasonable basis at Purchasers' cost, including instructing Sellers' Auditors in connection with the procurement by Purchasers with pro-forma consolidated financial statements of the Business for the fiscal years ended on December 31, 1998 and December 31, 1999 and the period ending in 2001 on the Closing Date which are reconciled or are prepared in accordance with US GAAP and US Generally Accepted Auditing Standards (herein "US GAAS").

14. Non-Compete Undertaking

14.1 Sellers agree not to engage, directly or indirectly, as a proprietor, shareholder, partner, employee, independent contractor or otherwise in any business which would compete in any way with the Business as defined herein, except for the activities described in Exhibit 14.1 (herein "Permitted Activities") for three (3) years from the Closing Date. Sellers further agree not to solicit directly or indirectly outside of the Permitted Activities for a period of three (3) years from the Closing Date or otherwise contact any present or past customers of the Business, for themselves or any other person, firm or corporation, for the purpose of obtaining business in competition with the Business as it exists on the Closing Date other than Permitted Activities. It is hereby agreed that the covenant not to compete of this Section 14.1 applies mutatis mutandis to any disclosure by the Sellers of confidential information relating to the Business or the Companies except if and to the extent the information is or becomes public knowledge, is disclosed to Sellers in good faith from another source, is discovered by Sellers otherwise than by disclosure from the Companies or is required to be disclosed by Sellers to a governmental authority.

14.2 Nothing in Section 14.1 above shall prohibit (i) Sellers from acquiring ownership of an equity interest not greater than ten percent (10%) of any class of securities or the voting rights in a publicly held company engaged in a business in competition with the Business, or (ii) Sellers from offering employment to any employee of any customer of the Business, or (iii) from engaging in the Permitted Activities. Nothing in Section 14.1 shall prevent Sellers from acquiring, directly or indirectly, shares in or the undertaking or assets of any company which carries on a business which competes with the Business as carried out on the Closing Date (herein "Competing Business"), if Sellers shall cease to carry on or have such interest in the Competing Business or the company carrying on the same within one (1) year from completion of the relevant acquisition disposed of. But nothing in Section 14.1 above shall require the Sellers to cease to carry on the Competing Business or to dispose of the same or such interest within one (1) year as provided, if such Competing Business or interest is acquired by the Sellers as part of a larger acquisition and the value properly attributable to the Competing Business did not at the date of acquisition amount to more than twenty percent (20%) of the value of such larger acquisition taken as a whole.

14.3 Without waiving the Purchasers' rights to monetary damages, all Parties acknowledge that the breach of the obligations contained in Section 14.1 above would result in substantial but indeterminable harm, that the restraints imposed are reasonable, that there is no adequate remedy at law for a breach of such obligations, and

therefore, that injunctive relief, specific performance or other equitable remedies are appropriate to enforce the obligations undertaken in Section 14.1. In the event that a court finds that the terms of this covenant not to compete are so broad as to be unlawful and unenforceable, the Parties further agree that a reformation of the terms of Section 14.1 may be appropriate in order to protect the value of the Business being conveyed pursuant to this Agreement as a going concern, and the value of the non-competition covenant, and to provide for the enforceability of the obligations contained in Section 14.1 to the fullest extent permitted by law.

F. MISCELLEANOUS

15. Restriction of Announcement, Cooperation and Confidentiality

15.1 Each of the Parties undertakes that upon execution of this Agreement the parties will make an announcement in connection with this Agreement through prior consultation with the other Parties, provided that the provisions of the letter of Guarantor dated May 18, 2001, a copy of which is attached hereto as Exhibit 15.1, shall remain unaffected.

15.2 Sellers shall procure immediately after the Closing Date the transfer of all patents, trademarks, utility models, copyrights and any applications therefor or similar such rights owned and /or registered in the name of Degussa or other Degussa group companies not being subject of this Agreement, which are pertaining to the Business (herein "Degussa-IP Rights"). Degussa shall give all necessary declarations or shall procure that the registered owners of such Degussa-IP Rights give such declarations in order to effect the transfers of such Degussa-IP Rights to the Purchasers or any other corporate entity named by Purchasers. Subsequent to the Signing Date, Sellers shall provide Purchasers with such information and access to Sellers' facilities and records relating to the Business for transition planning and preparation and with such assistance as may reasonably be requested by Purchasers, including but not limited to a list of the Managing Directors and, to the Best of Sellers Knowledge, the procurated officers of the Companies, the location of bank accounts and lock boxes and a list of authorized signatories on behalf of the Companies. Such assistance shall include (i) making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder and (ii) providing all information necessary for all filings and submissions to governmental authorities reasonably necessary to complete the transaction contemplated hereunder.

15.3 For the purpose of this Agreement, confidential or proprietary information (herein

"Proprietary Information") shall mean the confidential business information relating to the Business existing through the Closing Date (herein "Existing Confidential Information") and the information created, transferred, recorded or employed as part of, or otherwise resulting from the activities undertaken pursuant to this Agreement or the Schedules and Exhibits hereto which constitutes the confidential, proprietary or trade secret information of the disclosing Party. Such information may be of, but not limited to, a business, organizational, technical, financial, marketing, operational, regulatory or sales nature and shall include, without limitation, any and all source codes and information relating to services, methods of operation, price lists, customer lists, technology, designs, specifications or other proprietary information of the business or affairs of a Party or its Affiliate. Proprietary Information may either be in a written form, with notices of its proprietary nature affixed, or in an oral form, reduced to writing and affixed with appropriate notice of proprietary nature within seven days of oral presentation, and distributed to both Parties for the matter of record, but indicated as such at the time of presentation in an oral fashion.

15.4 The Parties understand and agree that all Proprietary Information shall be treated as confidential. The receiving Party shall use the same degree of care as it uses with regard to its own Proprietary Information to prevent disclosure, use or publication of the disclosing Party's Proprietary Information. Proprietary Information of the originating Party shall be held confidential by the receiving Party above unless it is or has been:

15.4.1 obtained legally and freely from a third party without restriction as to the disclosure of such information;

15.4.2 independently developed by the receiving Party at a prior time or in a separate and distinct manner without benefit of any of the Proprietary Information of the disclosing Party, and documented to be as such;

15.4.3 made available by the disclosing Party for general release independent of the receiving Party;

15.4.4 made public as required by law, applicable regulations or court proceedings or stock exchange requirements; or

15.4.5 within the public domain or later becomes part of the public domain as a result of acts by someone other than the receiving Party and through no fault or wrongful act of the receiving Party.

15.5 A receiving Party may disclose Proprietary Information of a disclosing Party to directors, officers, and employees of the receiving Party or agents of the receiving Party including their respective brokers, lenders, insurance carriers or prospective purchasers who have specifically agreed in writing to nondisclosure of the terms and conditions hereof. Any disclosure hereof required by legal process shall only be made after providing the disclosing Party with notice thereof in order to permit the disclosing Party to seek an appropriate protective order or exemption. Violation by a Party or its agents of the foregoing provisions shall entitle the disclosing Party, at its option, to obtain injunctive relief without showing of irreparable harm or injury and without bond. The provisions of this Section will be effective for a period of three (3) years after the Closing Date.

15.6 The provisions of Section 15.4 and Section 15.5 shall apply only to Sellers with respect to the Existing Confidential Information.

16. Notices

All notices and other communications hereunder shall be made in writing and shall be delivered or sent by registered mail or courier to the addresses below or to such other addresses which may be specified by any Party to the other Parties in the future in writing:

If to the Sellers, to:

Degussa AG
General Counsel
Bennigsenplatz 1
D-40474 Dusseldorf
Germany

with a copy to:

Baker & McKenzie
Dr. Hans-Jorg Ziegenhain
Neuer Zollhof 3
D-40221 Dusseldorf
Germany

If to the Purchasers, to:

relevant Purchaser

c/o DENTSPLY International Inc.
570 West College Avenue
York, PA 17404, USA
Attention: Secretary

with a copy to:

Mayer, Brown & Platt-Gaedertz
Mr. Werner Lutzke
Bockenheimer Landstrasse 98-100
D - 60323 Frankfurt am Main
Germany

If to the Guarantor, to:

DENTSPLY International Inc.
570 West College Avenue
York, PA 17404
Attention: Secretary

with a copy to:

Mayer, Brown & Platt-Gaedertz
Mr. Werner Lutzke
Bockenheimer Landstrasse 98-100
D - 60323 Frankfurt am Main
Germany

17. Guarantor's Guarantee

Guarantor hereby unconditionally and irrevocably guarantees to Sellers the due and punctual performance of the payment of the Purchase Price, including for the avoidance of doubt the payment of any Purchase Price Adjustment. The Guarantor hereby waives any rights which it may have to require the Sellers to proceed first against or claim payment from Purchasers to the extent that as between Sellers and the Guarantor the latter shall be liable as principal debtor as if it had entered into

the undertaking to pay the Purchase Price, including for the avoidance of doubt the Purchase Price Adjustment, jointly and severally with Purchasers.

18. Miscellaneous

18.1 If and to the extent a conflict arises between the contents of this Agreement and any agreement entered into in connection with this Agreement (including, but not limited to, local share transfer agreements as provided for in Section 6.6.2 and 6.6.3 above), the terms of this Agreement shall prevail.

18.2 All expenses, costs, fees and charges in connection with the transactions contemplated under this Agreement including without limitation, legal services, shall be borne by the Party commissioning the respective expenses, costs, fees and charges. All notarial fees incurred by the notarization of this Agreement as well as all fees charged by the cartel authorities in connection with the merger clearances required under this Agreement shall be borne by Purchasers. Purchasers shall be responsible for the payment of any sales, transfer or stamp taxes, or other similar charges, payable by reason of the transactions contemplated by this Agreement.

18.3 All Exhibits and Schedules (including, in particular, the Disclosure Schedules) to this Agreement constitute an integral part of this Agreement.

18.4 This Agreement and the Exhibits and Schedules referred to under Section 18.3 above comprise the entire agreement between the Parties concerning the subject matter hereof and supersede and replace all oral and written declarations of intention made by the Parties in connection with the contractual negotiations. Changes or amendments to this Agreement (including this Section 18.4) must be made in writing by the Parties or in notarial form, if required.

18.5 In this Agreement the headings are inserted for convenience only and shall not affect the interpretation of this Agreement; where a German term has been inserted in quotation marks and/or italics it alone (and not the English term to which it relates) shall be authoritative for the purpose of the interpretation of the relevant English term in this Agreement.

18.6 No Party shall be entitled to assign any rights or claims under this Agreement without the written consent of the other Parties, unless otherwise specified, except that Purchasers may assign its rights under this Agreement, including its rights to purchase the shares, to a wholly-owned subsidiary pursuant to an assumption agreement reasonably acceptable to Sellers.

18.7 Interest payable under any provision of this Agreement shall be calculated on the basis of actual days elapsed divided by 360 and shall exclude the day of payment.

18.8 "Business Days" (Werktage) referred to in this Agreement shall be any day other than Sunday or public holidays in Frankfurt am Main.

18.9 This Agreement shall not grant any rights to, and is not intended to operate for, the benefit of third parties unless otherwise explicitly provided for herein.

18.10 No Party, except as provided otherwise herein, shall be entitled (i) to set-off (aufrechnen) any rights and claims it may have against any rights or claims any other Party may have under this Agreement, or (ii) to refuse to perform any obligation it may have under this Agreement on the grounds that it has a right of retention (Zuruckbehaltungsrecht) unless the rights or claims of the relevant Party claiming a right of set-off (Aufrechnung) or retention (Zuruckbehaltung) have been acknowledged (anerkannt) in writing by the relevant other Party/Parties or have been confirmed by final decision of a competent court (Gericht) or arbitration court (Schiedsgericht).

18.11 Any currency conversions shall be determined using prevailing exchange rates prevailing two banking days in Frankfurt am Main prior to the date on which the respective payments become due and payable. The European Central Bank fixing rates shall be used which are published both by electronic market information providers (e.g. Reuters page ECB37) and on the ECB's website www.ecb.int shortly after 2.15 p.m. CET. When such rates are not available on such date, Reuters world spot rates (mid rate on page FX=) taken as close as possible to 2.15 p.m. CET shall be used.

18.12 This Agreement shall be governed by, and be construed in accordance with, the laws of the Federal Republic of Germany, without regard to principles of conflicts of laws. All disputes arising in connection with this Agreement or its validity shall be finally settled by three arbitrators in accordance with the Arbitration Rules of the German Institution of Arbitration e.V. (DIS) without recourse to the ordinary courts of law. The venue of the arbitration shall be Frankfurt am Main. The language of the arbitral proceedings shall be English.

18.13 In the event that one or more provisions of this Agreement shall, or shall be deemed to, be invalid or unenforceable, the validity and enforceability of the other provisions of this Agreement shall not be affected thereby. In such case, the Parties hereto agree to recognize and give effect to such valid and enforceable provision or provisions which correspond as closely as possible with the commercial intent of

the Parties. The same shall apply in the event that this Agreement contains any gaps (Vertragslucken).

18.14 This Agreement is subject to the condition precedent that Degussa shall not notify the undersigned notary in writing by fax by Tuesday May 29, 2001 24:00 hours that the supervisory board (Aufsichtsrat) of Degussa has not approved this Agreement. The undersigned notary shall confirm to the Parties without undue delay whether or not he has received such notice from Degussa. The original of the notification from Degussa containing notarised signature and notarial confirmation of power shall be sent to the undersigned notary immediately by courier service.

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