

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended **December 31, 2013**
Commission File Number 0-16211

DENTSPLY International Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

39-1434669

(I.R.S. Employer Identification No.)

221 West Philadelphia Street, York, PA

(Address of principal executive offices)

17405-2558

(Zip Code)

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

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.01 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

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

Yes No

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

Yes No

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

Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes No

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes No

The aggregate market value of the voting common stock held by non-affiliates of the registrant computed by reference to the closing price as of the last business day of the registrant's most recently completed second quarter June 30, 2013, was \$5,825,578,435.

The number of shares of the registrant's Common Stock outstanding as of the close of business on February 13, 2014 was 141,813,505.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the definitive Proxy Statement of DENTSPLY International Inc. (the "Proxy Statement") to be used in connection with the 2014 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K to the extent provided herein. Except as specifically incorporated by reference herein the Proxy Statement is not deemed to be filed as part of this Form 10-K.

DENTSPLY International Inc.
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PART I

FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Generally, the use of terms such as “may,” “could,” “expect,” “intend,” “believe,” “plan,” “estimate,” “forecast,” “project,” “anticipate,” “assumes” and similar expressions identify forward-looking statements. All statements that address operating performance, events or developments that DENTSPLY International Inc. (“DENTSPLY” or the “Company”) expects or anticipates will occur in the future are forward-looking statements. Forward-looking statements are based on management’s current expectations and beliefs, and are inherently susceptible to uncertainty, risks, and changes in circumstances that could cause actual results to differ materially from the Company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part I, Item 1A (“Risk Factors”) and elsewhere in this report and those described from time to time in our future reports filed with the Securities and Exchange Commission. The Company undertakes no duty and has no obligation to update forward-looking statements as a result of future events or developments.

PART I

Item 1. Business

History and Overview

DENTSPLY, a Delaware corporation which dates its history to 1899, believes it is the world’s largest designer, developer, manufacturer and marketer of a broad range of consumable dental products for the professional dental market. The Company also manufactures and markets other consumable medical device products. The Company’s principal product categories are dental consumable products, dental laboratory products, dental specialty products and consumable medical device products. The Company’s worldwide headquarters and executive offices are located in York, Pennsylvania.

Consolidated net sales, excluding precious metal content, of the Company’s dental products accounted for approximately 88% of DENTSPLY’s consolidated net sales, excluding precious metal content, for the year ended December 31, 2013. The remaining consolidated net sales, excluding precious metal content, is primarily related to consumable medical device products and materials sold to the investment casting industry. The presentation of net sales, excluding precious metal content, is considered a measure not calculated in accordance with generally accepted accounting principles in the United States of America (“US GAAP”), and is therefore considered a non-US GAAP measure. This non-US GAAP measure is discussed further in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and a reconciliation of net sales to net sales, excluding precious metal content, is provided.

Throughout 2013, the Company conducted its business through four operating segments. During the year ended December 31, 2013, the Company realigned certain implant and implant related businesses as a result of changes to the business structure. All of the Company’s segments are primarily engaged in the design, manufacture and distribution of dental and medical products in four principal product categories: 1) dental consumable products 2) dental laboratory products 3) dental specialty products and 4) consumable medical device products.

The Company conducts its business in the United States of America (“U.S.”), as well as in over 120 foreign countries, principally through its foreign subsidiaries. DENTSPLY has a long-established presence in the European market, particularly in Germany, Sweden, France, the United Kingdom (“UK”), Switzerland and Italy, as well as in Canada. The Company also has a significant market presence in the countries of the Commonwealth of Independent States (“CIS”), Central and South America, the Middle-East region and the Pacific Rim.

Geographic Information

For 2013, 2012 and 2011, the Company’s net sales, excluding precious metal content, to customers outside the U.S., including export sales, accounted for approximately 67%, 67% and 66%, respectively, of consolidated net sales, excluding precious metal content. Reference is made to the information about the Company’s U.S. and foreign sales by shipment origin set forth in Note 5, Segment and Geographic Information, to the consolidated financial statements in this Form 10-K.

Segment Information

Information regarding the Company's operating segments for the years ended December 31, 2013, 2012 and 2011 can be found in Note 5, Segment and Geographic Information, to the consolidated financial statements in this Form 10-K.

Principal Products

The worldwide professional dental industry encompasses the diagnosis, treatment and prevention of disease and ailments of the teeth, gums and supporting bone. DENTSPLY's principal dental product categories are dental consumable products, dental laboratory products and dental specialty products. Additionally, the Company's consumable medical device products provide for urological and surgical applications. These products are produced by the Company in the U.S. and internationally and are distributed throughout the world under some of the most well-established brand names and trademarks in these industries, including ANKYLOS, AQUASIL ULTRA, ARTICADENT, ASTRA TECH, ATLANTIS, BELLOVAC ABT, CALIBRA, CAULK, CAVITRON, CERAMCO, CERCON, CITANEST, DELTON, DENTSPLY, DETREY, DYRACT, ECLIPSE, ELEPHANT, ESTHET.X, FRIADENT, GENIE, GOLDEN GATE, IN-OVATION, INTERACTIVE MYSTIQUE, LOFRIC, MAILLEFER, MIDWEST, NUPRO, ORAQIX, OSSEOSPEED, PALODENT PLUS, PEPGEN P-15, PORTRAIT, PRIME & BOND, PROFILE, PROTAPER, RECIPROC, RINN, SANI-TIP, STYLUS, SULTAN, SUREFIL, THERMAFIL, TRIODENT MATRIX SYSTEMS, TRUBYTE, WAVEONE, WELLSPECT, XENO, XIVE, XYLOCAINE and ZHERMACK .

Dental Consumable Products

Dental consumable products consist of value added dental supplies and devices and small equipment used in dental offices for the treatment of patients. Net sales of dental consumable products, excluding precious metal content, accounted for approximately 28%, 28% and 33% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2013, 2012 and 2011, respectively.

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

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

Dental Laboratory Products

Dental laboratory products are used in the preparation of dental appliances by dental laboratories. Net sales of dental laboratory products, excluding precious metal content, accounted for approximately 10%, 11% and 14% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2013, 2012 and 2011, respectively.

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

Dental Specialty Products

Dental specialty products are specialized treatment products used within the dental office and laboratory settings. Net sales of dental specialty products, excluding precious metal content, accounted for approximately 49%, 48% and 46% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2013, 2012 and 2011, respectively. DENTSPLY's products in this category include endodontic (root canal) instruments and materials, implants and related products, bone grafting materials, 3D digital scanning and treatment planning software, dental lasers and orthodontic appliances and accessories.

Consumable Medical Device Products

Consumable medical device products consist mainly of urology catheters, certain surgical products, medical drills and other non-medical products. Net sales of consumable medical device products, excluding precious metal content, accounted for approximately 13%, 13% and 7% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2013, 2012 and 2011, respectively.

Markets, Sales and Distribution

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

- Increasing worldwide population.
- Aging mix of population in developed countries - The U.S., European, Japanese and other regions have aging population with significant needs for dental care and healthcare, the elderly in these regions are well positioned to pay for the required procedures since they control sizable amounts of discretionary income.
- Natural teeth are being retained longer - Individuals with natural teeth are much more likely to visit a dentist in a given year than those without any natural teeth remaining.
- The changing dental practice in North America and Western Europe - Dentistry in North America and Western Europe has been transformed from a profession primarily dealing with pain, infections and tooth decay to one with increased emphasis on preventive care and cosmetic dentistry.
- The demands for patient comfort and ease of product use and handling.
- Per capita and discretionary incomes are increasing in emerging markets - As personal incomes continue to rise in the emerging nations of the Pacific Rim, CIS and Latin America, obtaining healthcare, including dental services, is a growing priority. Many surveys indicate the middle class population will expand significantly within these emerging markets.
- The Company's business is less susceptible than many other industries to general downturns in the economies in which it operates. Many of the products the Company offers relate to dental procedures and health conditions that are considered necessary by patients regardless of the economic environment. Dental specialty products and products that support discretionary dental procedures are the most susceptible to changes in economic conditions.

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

Developed Markets

The U.S., Canada, Western Europe, Japan, Australia and certain other countries are highly developed markets that demand the most advanced dental and health products and have the highest level of expenditures for dental and medical care. These markets account for approximately 80% to 85% of the Company's net sales. In these markets, dental care is increasingly focused upon preventive care and specialized dentistry, in addition to basic procedures, such as excavation of teeth and filling of cavities, tooth extraction and denture replacement. These markets require varied and complex dental products, utilize sophisticated diagnostic and imaging equipment and demand high levels of attention to protect against infection and patient cross-contamination. A broader segment of the population in these markets can afford higher end treatments in both dental and medical care.

Emerging Markets

In certain countries in Central America, South America, Eastern Europe, Pacific Rim, Middle East and Africa, most dental care is often limited to excavation of teeth and filling of cavities and other restorative techniques, reflecting more modest per capita expenditures for dental and medical care. These markets account for approximately 15% to 20% of the Company's net sales. The Company markets products with a diverse price range including dual-brand alternatives to address patient and professional needs. However, there is also a portion of the population in these markets that receive excellent dental and medical care similar to that received in developed countries. As such our premium products are actively sold into these regions.

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

DENTSPLY employs approximately 3,600 highly trained, product-specific sales and technical staff to provide comprehensive marketing and service tailored to the particular sales and technical support requirements of the distributors, dealers and the end-users.

Dental

DENTSPLY distributes approximately half of its dental products through third-party distributors. Certain highly technical products such as precious metal dental alloys, dental ceramics, crown and bridge porcelain products, endodontic instruments and materials, orthodontic appliances, implants, and bone substitute and grafting materials are sold directly to the dental laboratory or dental professionals in some markets. During 2013 and 2012, the Company did not have any single customer that represented ten percent or more of DENTSPLY's consolidated net sales. In 2011, one customer, Henry Schein Incorporated, a dental distributor, accounted for 11% of DENTSPLY's consolidated net sales. No other single customer, represented ten percent or more of DENTSPLY's consolidated net sales during 2011.

Although many of its dental sales are made to distributors, dealers and importers, DENTSPLY focuses its marketing efforts on the dentists, dental hygienists, dental assistants, dental laboratories and dental schools which are the end-users of its products. As part of this end-user "pull through" marketing approach, The Company conducts extensive distributor, dealer and end-user marketing programs. Additionally, the Company trains laboratory technicians, dental hygienists, dental assistants and dentists in the proper use of its products and introduces them to the latest technological developments at its educational courses conducted throughout the world. The Company also maintains ongoing relationships with various dental associations and recognized worldwide opinion leaders in the dental field, although there is no assurance that these influential dental professionals will continue to support the Company's products in the future.

Medical

The Company's urology products business reaches the market directly in 16 countries throughout Europe and North America, and through distributors in 18 additional markets. The largest markets include the UK, Germany and France. Sales efforts target urologists, urology nurses, general practitioners and direct-to-patients.

Historical reimbursement levels within Europe have been higher for intermittent catheters which explain a greater penetration of single-use catheter products in that market. In the U.S., which the Company considers an important growth market, the reimbursement environment has improved since 2008 as the infection control cost benefits of disposable catheters gain acceptance among payers.

The surgery products business operates directly in 13 countries throughout Europe and Australia, with distributors in 21 additional markets. The largest markets include Australia, Norway and the UK. Sales efforts target surgeons, hospital nurses, physiotherapists, hospital purchasing departments and medical supply distributors.

The Company also maintains ongoing relationships with various medical associates, professional and key opinion leaders to help promote our products, although there are no assurances that they will continue to support the Company's products in the future.

Product Development

Innovation and successful product development are critical to keeping market leadership position in key product categories and growing market share in other products categories while strengthening the Company's prominence in the dental and medical markets that it serves. While many of DENTSPLY's existing products undergo brand extensions, the Company also continues to focus efforts on successfully launching innovative products that represent fundamental change.

New advances in technology are also anticipated to have a significant influence on future products in dentistry and in select areas of healthcare. As a result, the Company pursues research and development initiatives to support this technological development, including collaborations with external research institutions, dental and medical schools. Through its own internal research centers as well as through its collaborations with external research institutions, dental and medical schools, the Company directly invested \$85.1 million, \$85.4 million and \$66.7 million in 2013, 2012 and 2011, respectively, in connection with the development of new products, improvement of existing products and advances in technology. The continued development of these areas is a critical step in meeting the Company's strategic goal as a leader in defining the future of dentistry and in select areas in health care.

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

Acquisition Activities

DENTSPLY believes that the dental products industry continues to experience consolidation with respect to both product manufacturing and distribution, although it remains fragmented thereby creating a number of acquisition opportunities. DENTSPLY also seeks to expand its position in consumable medical device products through acquisitions.

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

Operating and Technical Expertise

DENTSPLY believes that its manufacturing capabilities are important to its success. The manufacturing process of the Company's products requires substantial and varied technical expertise. Complex materials technology and processes are necessary to manufacture the Company's products. The Company endeavors to automate its global manufacturing operations in order to improve quality and customer service and lower costs.

Financing

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

Competition

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

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

Regulation

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

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

All dental amalgam filling materials, including those manufactured and sold by DENTSPLY, contain mercury. Various groups have alleged that dental amalgam containing mercury is harmful to human health and have actively lobbied state and federal lawmakers and regulators to pass laws or adopt regulatory changes restricting the use, or requiring a warning against alleged

potential risks, of dental amalgams. The FDA's Dental Devices Classification Panel, the National Institute of Health and the U.S. Public Health Service have each indicated that no direct hazard to humans from exposure to dental amalgams has been demonstrated. In response to concerns raised by certain consumer groups regarding dental amalgam, the FDA formed an advisory committee in 2006 to review peer-reviewed scientific literature on the safety of dental amalgam. In July 2009, the FDA concluded its review of dental amalgam, confirming its use as a safe and effective restorative material. Also, as a result of this review, the FDA classified amalgam and its component parts, elemental mercury and powder alloy, as a Class II medical device. Previously there was no classification for encapsulated amalgam and dental mercury (Class I) and alloy (Class II) were classified separately. This new regulation places encapsulated amalgam in the same class of devices as most other restorative materials, including composite and gold fillings, and makes amalgam subject to special controls by FDA. In that respect, the FDA recommended that certain information about dental amalgam be provided, which includes information indicating that dental amalgam releases low levels of mercury vapor, and that studies on people age six and over as well as FDA estimated exposures of children under six, have not indicated any adverse health risk associated with the use of dental amalgam. After the FDA issued this regulation, several petitions were filed asking the FDA to reconsider its position. Another advisory panel was established by the FDA to consider these petitions. Hearings of the advisory panel were held in December 2010. The FDA has taken no action as of the filing date of this Form 10-K from this latest advisory panel meeting.

In Europe, particularly in Scandinavia and Germany, the contents of mercury in amalgam filling materials have been the subject of public discussion. As a consequence, in 1994 the German health authorities required suppliers of dental amalgam to amend the instructions for use of amalgam filling materials to include a precaution against the use of amalgam for children less than eighteen years of age and to women of childbearing age. Additionally, some groups have asserted that the use of dental amalgam should be prohibited because of concerns about environmental impact from the disposition of mercury within dental amalgam, which has resulted in the sale of mercury containing products being banned in Sweden and severely curtailed in Norway. DENTSPLY also manufactures and sells non-amalgam dental filling materials that do not contain mercury.

Sources and Supply of Raw Materials and Finished Goods

The Company manufactures the majority of the products sold by the Company. Most of the raw materials used by the Company in the manufacture of its products are purchased from various suppliers and are typically available from numerous sources. No single supplier accounts for more than 10% of DENTSPLY's requirements.

Intellectual Property

Products manufactured by DENTSPLY are sold primarily under its own trademarks and trade names. DENTSPLY also owns and maintains more than 2,500 patents throughout the world and is licensed under a small number of patents owned by others.

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

Employees

At December 31, 2013, the Company and its subsidiaries employed approximately 11,800 employees. Of these employees, approximately 3,400 were employed in the United States and 8,400 in countries outside of the United States. Less than 5% of employees in the United States are covered by collective bargaining agreements. Some employees outside of the United States are covered by collective bargaining, union contract or other similar type program. The Company believes that it has a positive relationship with its employees.

Environmental Matters

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

Other Factors Affecting the Business

Approximately two-thirds of the Company's sales are located in regions outside the U.S., and the Company's consolidated net sales can be impacted negatively by the strengthening or positively by the weakening of the U.S. dollar. Additionally, movements in certain foreign exchange rates may unfavorably or favorably impact the Company's results of operations, financial condition and liquidity.

The Company's business is subject to quarterly fluctuations of consolidated net sales and net income. The Company typically implements most of its price changes in the beginning of the first or fourth quarter. Price changes, other marketing and promotional programs as well as the management of inventory levels by distributors and the implementation of strategic initiatives, may impact sales levels in a given period. Sales for the industry and the Company are generally strongest in the second and fourth calendar quarters and weaker in the first and third calendar quarters, due to the effects of the items noted above and due to the impact of holidays and vacations, particularly throughout Europe.

The Company tries to maintain short lead times within its manufacturing, as such, the backlog on products is generally not material to the financial statements.

Securities and Exchange Act Reports

The U.S. Securities and Exchange Commission ("SEC") maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including the Company, that file electronically with the SEC. The public can obtain any documents that the Company files with the SEC at <http://www.sec.gov>. The Company files annual reports, quarterly reports, proxy statements and other documents with the SEC under the Securities Exchange Act of 1934, as amended ("Exchange Act"). The public may read and copy any materials the Company files with the SEC at its Public Reference Room at the following address:

The Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

The public may obtain information on the operation of this Public Reference Room by calling the SEC at 1-800-SEC-0330.

DENTSPLY also makes available free of charge through its website at www.DENTSPLY.com its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such materials are filed with or furnished to the SEC.

Item 1A. Risk Factors

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

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

The success of the Company is largely dependent upon the continued strength of dental and medical device markets and is also somewhat dependent upon the general economic environments of the regions in which DENTSPLY operates. Negative changes to these markets and economies could materially impact the Company's results of operations and financial condition. In many markets, dental reimbursement is largely out of pocket for the consumer and thus utilization rates can vary significantly depending on economic growth. For instance, data suggests that the utilization of dental services by working age adults in the U.S. may have declined over the last several years. Additionally, there is also uncertainty as to what impact the Affordable Care Act may have on dental utilization in the U.S. In certain markets, particularly in the European Union, government and regulatory programs have a more significant impact than in other markets. Changes to these programs could have a positive or negative impact on the Company's results.

Prolonged negative economic conditions in domestic and global markets may adversely affect the Company's suppliers and customers and consumers, which could harm the Company's financial position.

Prolonged negative changes in domestic and global economic conditions or disruptions of either or both of the financial and credit markets may affect the Company's supply chain and the customers and consumers of the Company's products and may have a material adverse effect on the Company's results of operations, financial condition and liquidity.

Due to the Company's international operations, the Company is exposed to the risk of changes in foreign exchange rates.

Due to the international nature of DENTSPLY's business, movements in foreign exchange rates may impact the consolidated statements of operations. With approximately two-thirds of the Company's sales located in regions outside the U.S., the Company's consolidated net sales are impacted negatively by the strengthening or positively by the weakening of the U.S. dollar. Additionally, movements in certain foreign exchange rates may unfavorably or favorably impact the Company's results of operations, financial condition and liquidity. Although the Company uses certain financial tools to attempt to mitigate market fluctuations in foreign exchange rates, there can be no assurance that such measures will be effective or that they will not create additional financial obligations on the Company.

Volatility in the capital markets or investment vehicles could limit the Company's ability to access capital or could raise the cost of capital.

Although the Company continues to have positive operating cash flow, a disruption in the credit markets may reduce sources of liquidity available to the Company. The Company relies on multiple financial institutions to provide funding pursuant to existing and/or future credit agreements, and those institutions may not be able to provide funding in a timely manner, or at all, when required by the Company. The cost of or lack of available credit could impact the Company's ability to develop sufficient liquidity to maintain or grow the Company, which in turn may adversely affect the Company's businesses and results of operations, financial condition and liquidity.

The Company also manages cash and cash equivalents and short-term investments through various institutions. There may be a risk of loss on investments based on the volatility of the underlying instruments that would not allow the Company to recover the full principal of its investments.

The Company may not be able to access or renew its precious metal consignment facilities resulting in a liquidity constraint equal to the fair market value of the precious metal value of inventory and would subject the Company to inventory valuation risk as the value of the precious metal inventory fluctuates resulting in greater volatility to reported earnings.

The Company's quarterly operating results and market price for the Company's common stock may be volatile.

DENTSPLY experiences fluctuations in quarterly sales and earnings due to a number of factors, many of which are substantially outside of the Company's control, including but not limited to:

- The timing of new product introductions by DENTSPLY and its competitors;
- Timing of industry tradeshows;
- Changes in customer inventory levels;
- Developments in government reimbursement policies;
- Changes in customer preferences and product mix;
- The Company's ability to supply products to meet customer demand;
- Fluctuations in manufacturing costs;
- Changes in income tax laws and incentives which could create adverse tax consequences;
- Fluctuations in currency exchange rates; and
- General economic conditions, as well as those specific to the healthcare and related industries.

As a result, the Company may fail to meet the expectations of securities analysts and investors, which could cause its stock price to decline. The quarterly fluctuations generally result in net sales and operating profits historically being higher in the second and fourth quarters. The Company typically implements most of its price changes early in the fourth quarter or beginning of the year. These price changes, other marketing and promotional programs, which are offered to customers from time to time in the ordinary course of business, the management of inventory levels by distributors and the implementation of strategic initiatives, may impact sales levels in a given period. Net sales and operating profits generally have been lower in the first and third quarters, primarily due not only to increased sales in the quarters preceding these quarters, but also due to the impact of holidays and vacations, particularly throughout Europe.

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

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

The dental and medical device supplies markets are highly competitive and there is no guarantee that the Company can compete successfully.

The worldwide markets for dental and medical products are highly competitive. There can be no assurance that the Company will successfully identify new product opportunities and develop and market new products successfully, or that new products and technologies introduced by competitors will not render the Company's products obsolete or noncompetitive. Additionally, the size and number of the Company's competitors vary by product line and from region to region. There are many companies that produce some, but not all, of the same types of products as those produced by the Company. Certain of DENTSPLY's competitors may have greater resources than the Company. In addition, the Company is exposed to the risk that its competitors or its customers may introduce private label, generic, or low cost products that compete with the Company's products at lower price points. If these competitors' products capture significant market share or result in a decrease in market prices overall, this could have a negative impact on the Company's results of operations and financial condition.

Inventories maintained by the Company's customers may fluctuate from time to time.

The Company relies in part on its predictions of dealer and customer inventory levels in projecting future demand levels and financial results. These inventory levels may fluctuate, and may differ from the Company's predictions, resulting in the Company's projections of future results being different than expected. There can be no assurance that the Company's dealers and customers will maintain levels of inventory in accordance with the Company's predictions or past history, or that the timing of customers' inventory build or liquidation will be in accordance with the Company's predictions or past history.

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

The market for DENTSPLY's products is characterized by rapid and significant technological change, evolving industry standards and new product introductions. There can be no assurance that DENTSPLY's products will not become noncompetitive or obsolete as a result of such factors or that we will be able to generate any economic return on the Company's investment in product development. If the Company's products or technologies become noncompetitive or obsolete, DENTSPLY's business could be negatively affected.

DENTSPLY has identified new products as an important part of its growth opportunities. There can be no assurance that DENTSPLY will be able to continue to develop innovative products and that regulatory approval of any new products will be obtained from applicable U.S. or international government or regulatory authorities, or that if such approvals are obtained, such products will be favorably accepted in the marketplace. Additionally, there is no assurance that entirely new technology or approaches to dental treatment or competitors' new products will not be introduced that could render the Company's products obsolete.

DENTSPLY may be unable to obtain necessary product approvals and marketing clearances.

DENTSPLY must obtain certain approvals and marketing clearances from governmental authorities, including the FDA and similar health authorities in foreign countries to market and sell its products. These regulatory agencies regulate the marketing, manufacturing, labeling, packaging, advertising, sale and distribution of medical devices, including the export of medical devices to foreign countries.

The regulatory review process which must be completed prior to marketing a new medical device may delay or hinder a product's timely entry into the marketplace. There can be no assurance that the review or approval process for these products by the FDA or any other applicable governmental authority will occur in a timely fashion, if at all, or that additional regulations will not be adopted or current regulations amended in such a manner as will adversely affect the Company. The FDA also oversees the content of advertising and marketing materials relating to medical devices which have received FDA clearance. Delays or failure to receive the necessary product approvals from governmental authorities could negatively impact DENTSPLY's operations.

DENTSPLY's business is subject to extensive, complex and changing laws, regulations and orders that failure to comply with could subject us to civil or criminal penalties or other liabilities.

DENTSPLY is subject to extensive laws, regulations and orders which are administered by various international, federal and state governmental authorities, including, among others, the FDA, the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC"), the Bureau of Industry and Security of the United States Department of Commerce ("BIS"), the United States Federal Trade Commission, the United States Department of Justice and other similar domestic and foreign authorities. These regulations include, but are not limited to, the U.S. Foreign Corrupt Practices Act and similar international anti-bribery laws, the Physician Payments Sunshine Act, regulations concerning the supply of conflict minerals, various environmental regulations and regulations relating to trade, import and export controls and economic sanctions. Such laws, regulations and orders may be complex and are subject to change.

Compliance with the numerous applicable existing and new laws, regulations and orders could require us to incur substantial regulatory compliance costs. Although the Company has implemented policies and procedures to comply with applicable laws, regulations and orders, there can be no assurance that governmental authorities will not raise compliance concerns or perform audits to confirm compliance with such laws, regulations and orders. Failure to comply with applicable laws, regulations or orders could result in a range of governmental enforcement actions, including fines or penalties, injunctions and/or criminal or other civil proceedings. Any such actions could result in higher than anticipated costs or lower than anticipated revenue and could have a material adverse effect on the Company's reputation, business, financial condition and results of operations.

In 2012, the Company received subpoenas from the United States Attorney's Office for the Southern District of Indiana (the "USAO") and from OFAC requesting documents and information related to compliance with export controls and economic sanctions regulations by certain of its subsidiaries. The Company also voluntarily contacted OFAC and BIS regarding compliance with export controls and economic sanctions regulations by certain other business units of the Company identified in an ongoing internal review by the Company. The Company is cooperating with the USAO, OFAC and BIS with respect to these matters.

Challenges may be asserted against the Company's products due to real or perceived quality or health issues.

The Company manufactures and sells a wide portfolio of dental and medical device products. While the Company endeavors to ensure that its products are safe and effective, there can be no assurance that there may not be challenges from time to time regarding the real or perceived quality or health impact of the Company's products. All dental amalgam filling materials, including those manufactured and sold by DENTSPLY, contain mercury. Some groups have asserted that amalgam should be discontinued because of its mercury content and/or that disposal of mercury containing products may be harmful to the environment. If governmental authorities elect to place restrictions or significant regulations on the sale and/or disposal of dental amalgam, that could have an adverse impact on the Company's sales of dental amalgam. DENTSPLY also manufactures and sells non-amalgam dental filling materials that do not contain mercury but that may contain bisphenol-A, commonly called BPA. BPA is found in many everyday items, such as plastic bottles, foods, detergents and toys, and may be found in certain dental composite materials or sealants either as a by-product of other ingredients that have degraded, or as a trace material left over from the manufacture of other ingredients used in such composites or sealants. The FDA currently allows the use of BPA in dental materials, medical devices, and food packaging. Nevertheless, public reports and concerns regarding the potential hazards of dental amalgam or of BPA could contribute to a perceived safety risk for the Company's products that contain mercury or BPA. Adverse publicity about the quality or safety of our products, whether or not ultimately based on fact, may have an adverse effect on our brand, reputation and operating results.

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

A significant portion of the Company's injectable anesthetic products, orthodontic products, certain dental cutting instruments, catheters, nickel titanium products and certain other products and raw materials are purchased from a limited number of suppliers and in certain cases single source suppliers, some of which may also compete with the Company. As there are a limited number of suppliers for these products, there can be no assurance that the Company will be able to obtain an adequate supply of these products and raw materials in the future. Any delays in delivery of or shortages in these products could interrupt and delay manufacturing of the Company's products and result in the cancellation of orders for these products. In addition, these suppliers could discontinue the manufacture or supply of these products to the Company at any time or supply products to competitors. DENTSPLY may not be able to identify and integrate alternative sources of supply in a timely fashion or at all. Any transition to alternate suppliers may result in delays in shipment and increased expenses and may limit the Company's ability to deliver products to customers. If the Company is unable to develop reasonably priced alternative sources in a timely manner, or if the Company encounters delays or other difficulties in the supply or manufacturing of such products and other materials internally or from third parties, the Company's business and results of operations may be harmed.

The Company is facing increased competition in its Orthodontics business as it recovers from a supply disruption in 2011 and 2012.

One of the Company's key suppliers, which was the source of certain orthodontic products comprising approximately 9% of the Company's 2010 consolidated net sales, excluding precious metal content, was located in the zone that was evacuated following the March 2011 tsunami in Japan. The supplier lost access to its facility and as a result, product supply was severely disrupted through the remainder of 2011 and during a portion of 2012. The supplier gradually restored operations in 2012. The Company has been recovering a portion of the business lost during the supply disruption, but is facing additional competition in part due to capacity added by competition while the Company was out of the market and also in part due to new competitors entering the market and from alternative technologies. The Company continues to source product from its supplier in Japan under an agreement that is subject to periodic renewal and has also established alternative sources of supply. Given the highly competitive conditions in the market, there is no assurance that the Company will be able to recover market share lost during the product outage, or that its existing or alternative sources will be sufficient to allow the Company to have a competitive position in the marketplace.

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

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

The Company may fail to successfully complete the integration of Astra Tech or fully realize the benefits of the acquisition.

The success of the Company's acquisition of Astra Tech depends upon its ability to realize anticipated benefits from integrating Astra Tech's business into its operations. The Company's ongoing business could be disrupted and management's attention diverted due to integration planning activities and as a result of the actual integration of the two companies following the acquisition. In addition, conditions in the dental implant and urological medical device markets, including but not limited to market growth, increased competition and government regulation, may differ from the Company's assumptions and assessments made at the time of the acquisition. As a result, the Company may not fully realize the benefits of the integration as anticipated.

The Company may fail to realize the expected benefits of its cost reduction and restructuring efforts.

In order to operate more efficiently and control costs, the Company may announce from time to time restructuring plans, including workforce reductions, global facility consolidations and other cost reduction initiatives that are intended to generate operating expense or cost of goods sold savings through direct and indirect overhead expense reductions as well as other savings. Due to the complexities inherent in implementing these types of cost reduction and restructuring activities, the Company may fail to realize expected efficiencies and benefits, or may experience a delay in realizing such efficiencies and benefits, and its operations and business could be disrupted. Risks associated with these actions and other workforce management issues include delays in implementation of anticipated workforce reductions, additional unexpected costs, changes in restructuring plans that increase or decrease the number of employees affected, adverse effects on employee morale, and the failure to meet operational targets due to the loss of employees, any of which may impair the Company's ability to achieve anticipated cost reductions or may otherwise harm its business, and could have a material adverse effect on its competitive position, results of operations, cash flows or financial condition.

Changes in or interpretations of, accounting principles could result in unfavorable charges to operations.

The Company prepares its consolidated financial statements in accordance with US GAAP. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles. Market conditions have prompted accounting standard setters to issue new guidance which further interprets or seeks to revise accounting pronouncements related to financial instruments, structures or transactions as well as to issue new standards expanding disclosures. It is possible that future accounting standards the Company would be required to adopt could change the current accounting treatment applied to the Company's consolidated financial statements and such changes could have a material adverse effect on the Company's business, results of operations, financial condition and liquidity.

If the Company's goodwill or intangible assets become impaired, the Company may be required to record a significant charge to earnings.

Under US GAAP, the Company reviews its goodwill and intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Additionally, goodwill is required to be tested for impairment at least annually. The valuations used to determine the fair values used to test goodwill or intangible assets are dependent upon various assumptions and reflect management's best estimates. Net sales growth, discount rates, earnings multiples and future cash flows are critical assumptions used to determine these fair values. Slower net sales growth rates in the dental or medical device industries, an increase in discount rates, unfavorable changes in earnings multiples or a decline in future cash flows, among other factors, may cause a change in circumstances indicating that the carrying value of the Company's goodwill or intangible assets may not be recoverable. The Company may be required to record a significant charge to earnings in the financial statements during the period in which any impairment of the Company's goodwill or intangible assets is determined.

Changes in or interpretations of, tax rules, operating structures, country profitability mix and regulations may adversely affect the Company's effective tax rates.

The Company is a U.S. based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. Unanticipated changes in the Company's tax rates could affect its future results of operations. The Company's future effective tax rates could be unfavorably affected by factors such as changes in, or interpretation of, tax rules and regulations in the jurisdictions in which the Company does business, by structural changes in the Company's businesses, by unanticipated decreases in the amount of revenue or earnings in countries with low statutory tax rates, by lapses of the availability of the U.S. research and development tax credit, or by changes in the valuation of the Company's deferred tax assets and liabilities.

The Company faces the inherent risk of litigation and claims.

The Company's business involves a risk of product liability and other types of legal actions or claims, including possible recall actions affecting the Company's products. The primary risks to which the Company is exposed are related to those products manufactured by the Company. The Company has insurance policies, including product liability insurance, covering these risks in amounts that are considered adequate; however, the Company cannot provide assurance that the maintained coverage is sufficient to cover future claims or that the coverage will be available in adequate amounts or at a reasonable cost. Also, other types of claims asserted against the Company may not be covered by insurance. A successful claim brought against the Company in excess of available insurance, or another type of claim which is uninsured or that results in significant adverse publicity against the Company, could harm its business and overall cash flows of the Company.

Various parties, including the Company, own and maintain patents and other intellectual property rights applicable to the dental and medical device fields. Although the Company believes it operates in a manner that does not infringe upon any third party intellectual property rights, it is possible that a party could assert that one or more of the Company's products infringe upon such party's intellectual property and force the Company to pay damages and/or discontinue the sale of certain products.

Increasing exposure to markets outside of the U.S. and Europe.

We anticipate that sales outside of the U.S. and Europe will continue to expand and account for a significant portion of DENTSPLY's revenue. Operating in such locations is subject to a number of uncertainties, including, but not limited to, the following:

- Economic and political instability;
- Import or export licensing requirements;
- Additional compliance-related risks;
- Trade restrictions;
- Product registration requirements;
- Longer payment cycles;
- Changes in regulatory requirements and tariffs;
- Fluctuations in currency exchange rates;
- Potentially adverse tax consequences; and
- Potentially weak protection of intellectual property rights.

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

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

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

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

A large number of the Company's products are manufactured in single manufacturing facilities.

Although the Company maintains multiple manufacturing facilities, a large number of the products manufactured by the Company are manufactured in facilities that are the sole source of such products. As there are a limited number of alternative suppliers for these products, any disruption at a particular Company manufacturing facility could lead to delays, increased expenses, and may damage the Company's business and results of operations.

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

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

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

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

After closing the Astra Tech acquisition, DENTSPLY has a significant amount of indebtedness. A breach of the covenants under DENTSPLY's debt instruments outstanding from time to time could result in an event of default under the applicable agreement.

In connection with the financing of the acquisition of Astra Tech, the Company incurred additional debt of approximately \$1.2 billion. As a consequence, after closing the Acquisition, DENTSPLY has a significant amount of indebtedness. DENTSPLY also has the ability to incur up to \$500 million of indebtedness under the Revolving Credit Facility and may incur significantly more indebtedness in the future.

DENTSPLY's level of indebtedness and related debt service obligations could have negative consequences including:

- making it more difficult for the Company to satisfy its obligations with respect to its indebtedness;
- requiring DENTSPLY to dedicate significant cash flow from operations to the payment of principal and interest on its indebtedness, which would reduce the funds the Company has available for other purposes, including working capital, capital expenditures and acquisitions; and
- reducing DENTSPLY's flexibility in planning for or reacting to changes in its business and market conditions.

DENTSPLY's current indebtedness contains a number of covenants and financial ratios, which it is required to satisfy. Under the agreements governing the DENTSPLY's 4.11% Senior Notes due 2016, the Company will be required to maintain a ratio of consolidated debt to consolidated EBITDA of less than or equal to 3.50 to 1.00. The Company may need to reduce the amount of its indebtedness outstanding from time to time in order to comply with such ratio, but no assurance can be given that DENTSPLY will be able to do so. DENTSPLY's failure to maintain such ratio or a breach of the other covenants under its debt instruments outstanding from time to time could result in an event of default under the applicable agreement. Such a default may allow the creditors to accelerate the related indebtedness and may result in the acceleration of any other indebtedness to which a cross-acceleration or cross-default provision applies.

Changes in our credit ratings or macroeconomic impacts on credit markets may increase our cost of capital and limit financing options.

We utilize the short and long-term debt markets to obtain capital from time to time. Adverse changes in our credit ratings may result in increased borrowing costs for future long-term debt or short-term borrowing facilities which may in turn limit financing options, including our access to the unsecured borrowing market. We may also be subject to additional restrictive covenants that would reduce our flexibility. In addition, macroeconomic conditions, such as continued or increased volatility or disruption in the credit markets, would adversely affect our ability to refinance existing debt or obtain additional financing to support operations or to fund new acquisitions or capital-intensive internal initiatives.

Certain provisions in the Company's governing documents may make it more difficult for a third party to acquire DENTSPLY.

Certain provisions of DENTSPLY's Certificate of Incorporation and By-laws and of Delaware law could have the effect of making it difficult for a third party to acquire control of DENTSPLY. Such provisions include, among others, a provision allowing the Board of Directors to issue preferred stock having rights senior to those of the common stock and certain procedural requirements which make it difficult for stockholders to amend DENTSPLY's By-laws and call special meetings of stockholders. In addition, members of DENTSPLY's management and participants in its Employee Stock Ownership Plan ("ESOP") collectively own approximately 4% of the outstanding common stock of DENTSPLY.

Issues related to the quality and safety of the Company's products, ingredients or packaging could cause a product recall resulting in harm to the Company's reputation and negatively impacting the Company's operating results.

The Company's products generally maintain a good reputation with customers and end-users. Issues related to quality and safety of products, ingredients or packaging, could jeopardize the Company's image and reputation. Negative publicity related to these types of concerns, whether valid or not, might negatively impact demand for the Company's products or cause production and delivery disruptions. The Company may need to recall products if they become unfit for use. In addition, the Company could potentially be subject to litigation or government action, which could result in payment of fines or damages. Cost associated with these potential actions could negatively affect the Company's operating results, financial condition and liquidity.

The Company relies heavily on information and technology to operate its business networks, and any disruption to its technology infrastructure or the Internet could harm the Company's operations.

DENTSPLY operates many aspects of its business including financial reporting and customer relationship management through server- and web-based technologies, and stores various types of data on such servers or with third-parties who may in turn store it on servers or in the "cloud". Any disruption to the Internet or to the Company's or its service providers' global technology infrastructure, including malware, insecure coding, "Acts of God," attempts to penetrate networks, data leakage and human error, could pose a threat to the Company's operations. While DENTSPLY has invested and continues to invest in information technology risk management and disaster recovery plans, these measures cannot fully insulate the Company from technology disruptions or data loss and the resulting adverse effect on the Company's operations and financial results.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following is a listing of DENTSPLY's principal manufacturing and distribution locations at December 31, 2013:

Location	Function	Leased or Owned
United States:		
Milford, Delaware (1)	Manufacture of dental consumable products	Owned
Sarasota, Florida (2)	Manufacture of orthodontic accessory products	Owned
Des Plaines, Illinois (1)	Manufacture and assembly of dental handpieces	Leased
Elgin, Illinois (1)	Manufacture of dental x-ray film holders, film mounts and accessories	Owned/Leased
Waltham, Massachusetts (4)	Manufacture and distribution of dental implant products	Leased
Islandia, New York (2)	Manufacture and distribution of orthodontic products and materials	Leased
Maumee, Ohio (1)	Manufacture and distribution of investment casting products	Owned
Lancaster, Pennsylvania (1)	Distribution of dental products	Leased
York, Pennsylvania (1)	Manufacture and distribution of artificial teeth and other dental laboratory products	Owned
York, Pennsylvania (1)	Manufacture of small dental equipment, bone grafting products, and preventive dental products	Owned
Johnson City, Tennessee (4)	Manufacture and distribution of endodontic instruments and materials	Leased
Foreign:		
Hasselt, Belgium (4)	Manufacture and distribution of dental products	Owned
Leuven, Belgium (4)	Manufacture and distribution of 3D digital implantology	Leased
Catanduva, Brazil (4)	Manufacture and distribution of dental anesthetic products	Owned
Petropolis, Brazil (4)	Manufacture and distribution of artificial teeth, dental consumable products and endodontic material	Owned
Shanghai, China (1)	Manufacture and distribution of dental laboratory products	Leased
Tianjin, China (4)	Manufacture and distribution of dental products	Leased
Ivry Sur-Seine, France (3)	Manufacture and distribution of investment casting products	Leased
Bohmte, Germany (1)	Manufacture and distribution of dental laboratory products	Owned
Hanau, Germany (1)	Manufacture and distribution of precious metal dental alloys, dental ceramics and dental implant products	Owned
Konstanz, Germany (1)	Manufacture and distribution of dental consumable products	Owned
Mannheim, Germany (4)	Manufacture and distribution of dental implant products	Owned/Leased
Munich, Germany (4)	Manufacture and distribution of endodontic	Owned

instruments and materials

Radolfzell, Germany (5)	Distribution of dental products	Leased
Rosbach, Germany (1)	Manufacture and distribution of dental ceramics	Owned
Badia Polesine, Italy (1)	Manufacture and distribution of dental consumable products	Owned/Leased
Otawara, Japan (2)	Manufacture and distribution of precious metal dental alloys, dental consumable products and orthodontic products	Owned
Mexicali, Mexico (2)	Manufacture and distribution of orthodontic products and materials	Leased
Hoorn, Netherlands (1)	Distribution of precious metal dental alloys and dental ceramics and refinery of precious metals	Owned
HA Soest, Netherlands (2)	Distribution of orthodontic products	Leased
Katikati, New Zealand (1)	Manufacture of dental consumable products	Leased
Warsaw, Poland (1)	Manufacture and distribution of dental consumable products	Owned
Las Piedras, Puerto Rico (1)	Manufacture of crown and bridge materials	Owned
Mölnadal, Sweden (4)	Manufacture and distribution of dental implant products and consumable medical devices	Owned
Ballaigues, Switzerland (4)	Manufacture and distribution of endodontic instruments, plastic components and packaging material	Owned

- (1) These properties are included in the Dental Consumables and Laboratory segment.
- (2) These properties are included in the Orthodontics/Canada/Mexico/Japan segment.
- (3) These properties are included in the Select Distribution segment.
- (4) These properties are included in the Implants/Endodontics/Healthcare/Pacific Rim segment.
- (5) This property is a distribution warehouse not managed by named segments.

In addition, the Company maintains sales and distribution offices at certain of its foreign and domestic manufacturing facilities, as well as at various other U.S. and international locations. The Company maintains offices in Toronto, Mexico City, Paris, Rome, Weybridge, Mölnadal, Hong Kong and Melbourne and other international locations. Most of these sites around the world that are used exclusively for sales and distribution are leased.

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

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

Item 3. Legal Proceedings

Incorporated by reference to Part II, Item 8, Note 19, Commitments and Contingencies, to the Consolidated Financial Statements in this Form 10-K.

Executive Officers of the Registrant

The following table sets forth certain information regarding the executive officers of the Company as of February 20, 2014.

Name	Age	Position
Bret W. Wise	53	Chairman of the Board and Chief Executive Officer
Christopher T. Clark	52	President and Chief Financial Officer
James G. Mosch	56	Executive Vice President and Chief Operating Officer
Robert J. Size	55	Senior Vice President
Albert J. Sterkenburg	50	Senior Vice President
Deborah M. Rasin	47	Vice President, Secretary and General Counsel

Bret W. Wise has served as Chairman of the Board and Chief Executive Officer of the Company since January 1, 2007 and also served as President in 2007 and 2008. Prior to that time, Mr. Wise served as President and Chief Operating Officer in 2006, as Executive Vice President in 2005 and Senior Vice President and Chief Financial Officer from December 2002 through December 2004. Prior to that time, Mr. Wise was Senior Vice President and Chief Financial Officer with Ferro Corporation of Cleveland, OH (1999 - 2002), Vice President and Chief Financial Officer at WCI Steel, Inc., of Warren, OH, (1994 - 1999) and prior to that he was a partner with KPMG LLP. During 2012, Mr. Wise was elected a member of the Board of Directors of the Pall Corporation.

Christopher T. Clark has served as President and Chief Financial Officer of the Company since April 8, 2013. He also served as President and Chief Operating Officer from 2009 through April 2013 and as Executive Vice President and Chief Operating Officer in 2007 and 2008. Prior to that time, Mr. Clark served as Senior Vice President (2003 - 2006), as Vice President and General Manager of DENTSPLY's global imaging business (1999 - 2002), as Vice President and General Manager of the Prosthetics Division (1996 - 1999), and as Director of Marketing of DENTSPLY'S Prosthetics Division (1992 - 1996). Prior to September 1992, Mr. Clark held various brand management positions with Proctor & Gamble.

James G. Mosch has served as Chief Operating Officer since April 8, 2013 and as Executive Vice President since January 1, 2009. Prior to that time, he served as Senior Vice President (2003-2009) and as Vice President and General Manager of DENTSPLY's Professional division, beginning in July 1994 when he started with the Company. Prior to 1994, Mr. Mosch served in general management and marketing positions with Baxter International and American Hospital Supply Corporation.

Robert J. Size has served as Senior Vice President since January 1, 2007. Prior to that, Mr. Size served as a Vice President (2006) and as Vice President and General Manager of DENTSPLY's Caulk division beginning June 2003 through December 31, 2005. Prior to that time, he was the Chief Executive Officer and President of Superior MicroPowders and held various cross-functional and international leadership positions with The Cookson Group.

Albert J. Sterkenburg, D.D.S. has served as Senior Vice President since January 1, 2009. Prior to that, Dr. Sterkenburg served as Vice President (2006 - 2009), Vice President and General Manager of the DeguDent division (2003 - 2006) and Vice President and General Manager of the VDW division beginning in 2000. Prior to that time, he served in marketing and general management roles at Johnson & Johnson.

Deborah M. Rasin has served as Vice President, Secretary and General Counsel of the Company since March 7, 2011. Prior to that, she served since 2006 as Vice President, General Counsel and Secretary of Samsonite Corporation, where she oversaw all legal, compliance and corporate governance matters of a Delaware-incorporated global consumer goods company. Prior to joining Samsonite, Ms. Rasin served as a senior corporate attorney at General Motors Corporation, and as an associate at various international law firms. Ms. Rasin received her J.D. from Harvard Law School in 1992.

Item 4. Mine Safety Disclosure

Not Applicable

PART II

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

Quarterly Stock Market and Dividend Information

The Company’s common stock is traded on the NASDAQ National Market under the symbol “XRAY.” The following table shows, for the periods indicated, the high, low, closing sale prices and cash dividends declared of the Company’s common stock as reported on the NASDAQ National Market:

	Market Range of Common Stock		Period-end Closing Price	Cash Dividend Declared
	High	Low		
2013				
First Quarter	\$ 43.63	\$ 39.36	\$ 42.44	\$ 0.0625
Second Quarter	44.21	39.90	40.96	0.0625
Third Quarter	45.37	40.81	43.41	0.0625
Fourth Quarter	50.99	42.99	48.48	0.0625
2012				
First Quarter	\$ 40.32	\$ 34.77	\$ 40.13	\$ 0.055
Second Quarter	41.38	35.88	37.81	0.055
Third Quarter	39.27	35.04	38.14	0.055
Fourth Quarter	40.82	35.83	39.61	0.055

The Company estimates, based on information supplied by its transfer agent, that there are 325 holders of record of the Company’s common stock. Approximately 68,900 holders of the Company’s common stock are “street name” or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Stock Repurchase Program

The Board of Directors has authorized the Company to repurchase shares under its stock repurchase program in an amount up to 34.0 million shares of common stock. The table below contains certain information with respect to the repurchase of shares of the Company’s common stock during the quarter ended December 31, 2013:

(in thousands, except per share amounts)

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Cost of Shares Purchased	Number of Shares that May Yet be Purchased Under the Share Repurchase Program
October 1-31, 2013	—	\$ —	\$ —	13,962.8
November 1-30, 2013	220,400	47.55	10,479.5	13,908.8
December 1-31, 2013	737,573	47.68	35,163.9	13,465.9
	957,973	\$ 47.65	\$ 45,643.4	

Stock Authorized for Issuance Under Equity Compensation Plans

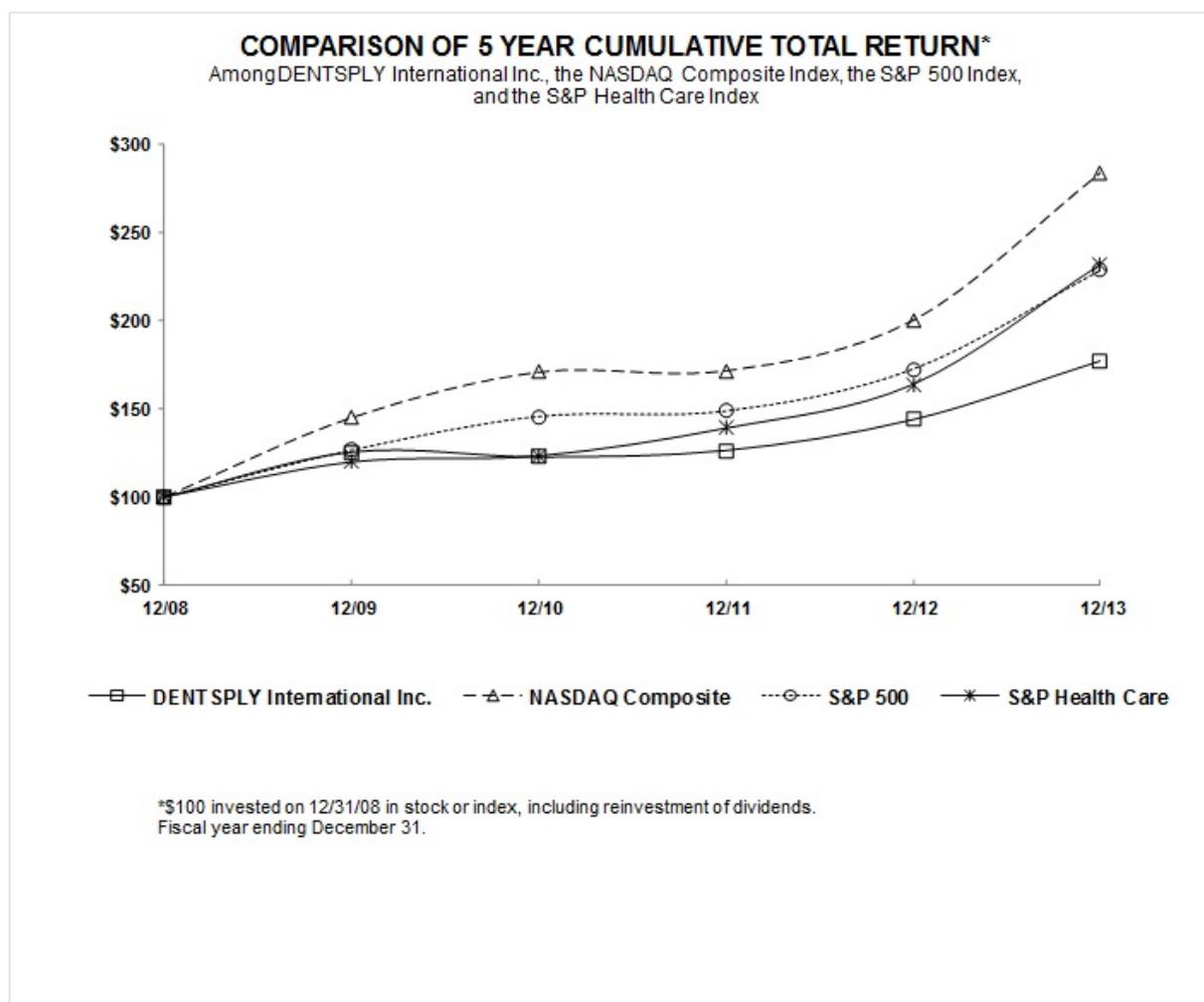
The following table provides information about the Company's common stock that may be issued under equity compensation plans at December 31, 2013:

(in thousands, except share price)

Plan Category	Securities to Be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price per Share	Securities Available for Future Issuance
Equity compensation plans approved by security holders	9,425,749	\$ 35.50	9,441,618
Total	9,425,749	\$ 35.50	9,441,618

Performance Graph

The following graph compares the Company's cumulative total stockholder return (Common Stock price appreciation plus dividends, on a reinvested basis) over the last five fiscal years with the NASDAQ Composite Index, the Standard & Poor's S&P 500 Index and the Standard & Poor's S&P Health Care Index.



	12/08	12/09	12/10	12/11	12/12	12/13
DENTSPLY International Inc.	100.00	125.35	122.53	126.22	143.70	176.89
NASDAQ Composite	100.00	144.88	170.58	171.30	199.99	283.39
S&P 500	100.00	126.46	145.51	148.59	172.37	228.19
S&P Health Care	100.00	119.70	123.17	138.85	163.69	231.55

Item 6. Selected Financial Data
DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
SELECTED FINANCIAL DATA

(in thousands, except per share amounts, days and percentages)

	Year ended December 31,				
	2013	2012	2011 (a)	2010	2009
Statement of Operations Data:					
Net sales	\$ 2,950,770	\$ 2,928,429	\$ 2,537,718	\$ 2,221,014	\$ 2,159,378
Net sales, excluding precious metal content	2,771,728	2,714,698	2,332,589	2,031,757	1,990,666
Gross profit	1,577,412	1,556,387	1,273,440	1,130,158	1,106,363
Restructuring and other costs	13,356	25,717	35,865	10,984	6,890
Operating income	419,166	381,939	300,728	380,273	381,243
Income before income taxes	369,335	330,679	256,111	357,656	363,356
Net income	318,161	318,489	247,446	267,335	274,412
Net income attributable to DENTSPLY International	\$ 313,192	\$ 314,213	\$ 244,520	\$ 265,708	\$ 274,258
Earnings per common share:					
Basic	\$ 2.20	\$ 2.22	\$ 1.73	\$ 1.85	\$ 1.85
Diluted	\$ 2.16	\$ 2.18	\$ 1.70	\$ 1.82	\$ 1.83
Cash dividends declared per common share	\$ 0.250	\$ 0.220	\$ 0.205	\$ 0.200	\$ 0.200
Weighted Average Common Shares Outstanding:					
Basic	142,663	141,850	141,386	143,980	148,319
Diluted	144,965	143,945	143,553	145,985	150,102
Balance Sheet Data:					
Cash and cash equivalents	\$ 74,954	\$ 80,132	\$ 77,128	\$ 540,038	\$ 450,348
Property, plant and equipment, net	637,172	614,705	591,445	423,105	439,619
Goodwill and other intangibles, net	3,076,919	3,041,595	2,981,163	1,381,798	1,401,682
Total assets	5,078,047	4,972,297	4,755,398	3,257,951	3,087,932
Total debt, current and long-term portions	1,476,040	1,520,998	1,766,711	611,769	469,325
Equity	2,577,974	2,249,443	1,884,151	1,909,912	1,906,958
Return on average equity	13.0%	15.2%	12.9%	13.9%	15.4%
Total net debt to total capitalization (b)	35.2%	39.0%	47.3%	3.6%	1.0%
Other Data:					
Depreciation and amortization	\$ 127,903	\$ 129,199	\$ 85,035	\$ 65,912	\$ 65,175
Cash flows from operating activities	417,848	369,685	393,469	377,461	362,489
Capital expenditures	100,345	92,072	71,186	44,236	56,481
Interest expense (income), net	41,502	48,091	35,577	20,835	16,864
Inventory days	114	106	100	100	99
Receivable days	56	53	54	54	55
Effective tax rate	14.1%	2.7%	4.3%	25.0%	24.5%

(a) Includes the results of the Astra Tech acquisition from September 1, 2011 through December 31, 2011.

(b) The Company defines net debt as total debt, including current and long-term portions, less cash and cash equivalents and total capitalization as the sum of net debt plus equity.

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

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

OVERVIEW

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") is intended to help the reader understand the Company's operations and business environment. MD&A is provided as a supplement to, and should be read in conjunction with, the Consolidated Financial Statements and Notes to Consolidated Financial Statements contained in Item 8 of this Form 10-K. The following discussion includes forward-looking statements that involve certain risks and uncertainties. See "Forward-Looking Statements" in the beginning of this Form 10-K. The MD&A includes the following sections:

- Business - a general description of DENTSPLY's business and how performance is measured;
- Results of Operations - an analysis of the Company's consolidated results of operations for the three years presented in the consolidated financial statements;
- Critical Accounting Estimates - a discussion of accounting policies that require critical judgments and estimates; and
- Liquidity and Capital Resources - an analysis of cash flows; debt and other obligations; and aggregate contractual obligations.

2013 Operational Highlights

- For the year ended December 31, 2013, sales grew by 0.8% on a reported basis and grew 2.1%, excluding precious metal content. The sales growth excluding precious metal content was driven by internal growth of 1.9%, with acquisitions and currency translation each adding 0.1%. This internal sales growth was comprised of increases of 3.8% in the United States, 0.2% in Europe and 2.7% in the rest of world regions.
- During 2013 the Company completed the integration of its regional sales and marketing organizations of the combined DENTSPLY Implants organization. Integration efforts during the year and continuing into 2014 are now primarily focused on efficiency improvements, including in-sourcing of certain products previously produced by outside parties.
- Operating margins on a reported basis for the year ended December 31, 2013 increased 120 basis points to 14.2% from 13.0% in fiscal 2012. On an adjusted basis (a non-US GAAP measure), excluding precious metals and certain other items, operating margin improved by 10 basis points to 17.6% from 17.5%.
- Operating cash flow for the year ended December 31, 2013 was \$418 million, an all time record for the Company and a 13% increase versus \$370 million in fiscal year 2012.

BUSINESS

DENTSPLY International Inc. is a leading manufacturer and distributor of dental and other consumable medical device products. The Company believes it is the world's largest manufacturer of consumable dental products for the professional dental market. For over 110 years, DENTSPLY's commitment to innovation and professional collaboration has enhanced its portfolio of branded consumables and small equipment. Headquartered in the United States, the Company has global operations with sales in more than 120 countries. The Company also has strategically located distribution centers to enable it to better serve its customers and increase its operating efficiency. While the United States and Europe are the Company's largest markets, the Company serves all major markets worldwide.

Principal Measurements

The principal measurements used by the Company in evaluating its business are: (1) internal sales growth by geographic region; (2) constant currency sales growth by geographic region; (3) operating margins of each reportable segment including product pricing and cost controls; (4) the development, introduction and contribution of innovative new products; and (5) sales growth through acquisition.

The Company defines "internal sales growth" as the increase or decrease in net sales from period to period, excluding (1) precious metal content; (2) the impact of changes in currency exchange rates; and (3) net acquisition sales growth. The Company defines "net acquisition sales growth" as the net sales, excluding precious metal content, for a period of twelve months following

the transaction date of businesses that have been acquired, less the net sales, excluding precious metal content, for a period of twelve months prior to the transaction date of businesses that have been divested. The Company defines “constant currency sales growth” as internal sales growth plus net acquisition sales growth.

The primary drivers of internal growth includes global dental market growth, innovation and new products launched by the Company, and continued investments in sales and marketing resources, including clinical education. Management believes that over time, the Company’s ability to execute its strategies allows it to grow at a modest premium to the growth rate of the underlying dental market. Management further believes that the global dental market has generally in the past and should over time in the future grow at a premium to underlying economic growth rates. Considering all of these factors, the Company assumes that the long-term growth rate for the dental market will range from 3% to 6% on average and that the Company targets a slight premium to market growth. Over the past several years, growth in the global dental and other healthcare markets have been restrained by lower economic growth in Western Europe and certain other markets compared to historical averages and, accordingly, market growth rates, and the Company’s internal growth rate remains uncertain in the near term.

The Company’s business is subject to quarterly fluctuations of consolidated net sales and net income. The Company typically implements most of its price changes at the beginning of the first or fourth quarters. Price changes, other marketing and promotional programs as well as the management of inventory levels by distributors and the implementation of strategic initiatives, may impact sales levels in a given period.

The Company has a focus on minimizing costs and achieving operational efficiencies. Management continues to evaluate the consolidation of operations or functions to reduce costs. In addition, the Company remains focused on enhancing efficiency through expanded use of technology and process improvement initiatives. The Company believes that the benefits from these initiatives will improve the cost structure and help offset areas of rising costs such as energy, employee benefits and regulatory oversight and compliance. In connection with these efforts, the Company expects that it will record restructuring charges, from time to time associated with such initiatives. These restructuring charges could be material to the Company’s consolidated financial statements.

Product innovation is a key component of the Company’s overall growth strategy. New advances in technology are anticipated to have a significant influence on future products in dentistry and consumable medical device markets in which the Company operates. As a result, the Company continues to pursue research and development initiatives to support technological development, including collaborations with various research institutions and dental schools. In addition, the Company licenses and purchases technologies developed by third parties. Although the Company believes these activities will lead to new innovative dental and consumable medical device products, they involve new technologies and there can be no assurance that commercialized products will be developed.

The Company will continue to pursue opportunities to expand the Company’s product offerings through acquisitions. Although the professional dental and the consumable medical device markets in which the Company operates have experienced consolidation, they remain fragmented. Management believes that there will continue to be adequate opportunities to participate as a consolidator in the industry for the foreseeable future.

Impact of Foreign Currencies

Due to the international nature of DENTSPLY’s business, movements in foreign exchange rates may impact the Consolidated Statements of Operations. With 65% to 70% of the Company’s net sales located in regions outside the U.S., the Company’s consolidated net sales are impacted negatively by the strengthening or positively by the weakening of the U.S. dollar. Additionally, movements in certain foreign exchange rates may unfavorably or favorably impact the Company’s results of operations, financial condition and liquidity.

Reclassification of Prior Year Amounts

Certain reclassifications have been made to prior years’ data in order to conform to the current year presentation. Specifically, during the year ended 2013, the Company realigned certain implant and implant related businesses as a result of changes to the management structure. The segment information below reflects the revised structure for all periods shown.

RESULTS OF OPERATIONS

2013 Compared to 2012

Net Sales

The discussion below summarizes the Company's sales growth, excluding precious metal content, into the following components: (1) constant currency sales growth, which includes internal sales growth and net acquisition sales growth, and (2) foreign currency translation. These disclosures of net sales growth provide the reader with sales results on a comparable basis between periods.

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

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

(in millions)	Year Ended December 31,		\$ Change	% Change
	2013	2012		
Net sales	\$ 2,950.8	\$ 2,928.4	\$ 22.4	0.8 %
Less: Precious metal content of sales	179.1	213.7	(34.6)	(16.2%)
Net sales, excluding precious metal content	\$ 2,771.7	\$ 2,714.7	\$ 57.0	2.1 %

During 2013, net sales, excluding precious metal content increased \$57.0 million from 2012. The 2.1% increase in net sales, excluding precious metal content, included constant currency sales growth of 2.0%. The constant currency sales growth was comprised of internal sales growth of 1.9% and acquisition sales growth of 0.1%. Precious metal content of sales declined compared to the same period in 2012, primarily as a result of a decline in use of precious metal alloys in dentistry.

Constant Currency Sales Growth

The following table includes growth rates for net sales, excluding precious metal content.

	Year Ended December 31, 2013			
	United States	Europe	All Other Regions	Worldwide
Internal sales growth	3.8%	0.2%	2.7%	1.9%
Net acquisition sales growth	—%	0.2%	(0.1%)	0.1%
Constant currency sales growth	3.8%	0.4%	2.6 %	2.0%

United States

During 2013, net sales, excluding precious metal content, increased by 3.8% on a constant currency basis. The increase was primarily due to internal sales growth in dental specialty and dental consumables product categories.

Europe

During 2013, net sales, excluding precious metal content, increased by 0.4% on a constant currency basis, including 0.2% of net acquisition sales growth. The increase in net sales, excluding precious metal content, was primarily driven by an increase in consumable medical products, partially offset by lower sales of dental specialty products when compared to the year ago period.

All Other Regions

During 2013, net sales, excluding precious metal content, increased 2.6% on a constant currency basis. The internal sales growth was 2.7%, driven by increased sales across all product categories.

Gross Profit

(in millions)	Year Ended December 31,		\$ Change	% Change
	2013	2012		
Gross profit	\$ 1,577.4	\$ 1,556.4	\$ 21.0	1.3%
Gross profit as a percentage of net sales, including precious metal content	53.5%	53.1%		
Gross profit as a percentage of net sales, excluding precious metal content	56.9%	57.3%		

Gross profit as a percentage of net sales, excluding precious metal content, decreased 40 basis points during 2013 compared to 2012. The margin rate decline was primarily the impact of the medical device federal excise tax mandated by the Affordable Care Act that became effective January 1, 2013.

Expenses

Selling, General and Administrative (“SG&A”) Expenses

(in millions)	Year Ended December 31,		\$ Change	% Change
	2013	2012		
SG&A expenses	\$ 1,144.9	\$ 1,148.7	\$ (3.8)	(0.3%)
SG&A expenses as a percentage of net sales, including precious metal content	38.8%	39.2%		
SG&A expenses as a percentage of net sales, excluding precious metal content	41.3%	42.3%		

SG&A expenses as a percentage of net sales, excluding precious metal content, improved 100 basis points as compared to 2012 primarily as a result cost savings across a number of businesses and synergies from the integration activities of recent acquisitions.

Restructuring and Other Costs

(in millions)	Year Ended December 31,		\$ Change	% Change
	2013	2012		
Restructuring and other costs	\$ 13.4	\$ 25.7	\$ (12.3)	(47.9%)

The Company recorded net restructuring and other costs of \$13.4 million in 2013 compared to \$25.7 million in 2012. In 2013, restructuring costs of \$12.0 million related to the closure and consolidation of facilities in an effort to streamline the Company’s operations and better leverage the Company’s resources. Restructuring and other costs also includes net expense of \$1.4 million related to an impairment of previously acquired technology partially offset by a net gain on legal settlements.

In 2012, restructuring and other costs of \$25.7 million included restructuring cost of \$17.8 million related to the implant integration activity as well as the closure and consolidation of facilities in an effort to streamline the Company’s operations and

better leverage the Company's resources. Restructuring and other costs also included \$5.2 million related to impairment of previously acquired technologies.

Other Income and Expenses

(in millions)	Year Ended December 31,		\$ Change
	2013	2012	
Net interest expense	\$ 41.5	\$ 48.1	\$ (6.6)
Other expense (income), net	8.3	3.2	5.1
Net interest and other expense	\$ 49.8	\$ 51.3	\$ (1.5)

Net Interest Expense

Net interest expense for the year ended December 31, 2013 was \$6.6 million lower compared to the year ended December 31, 2012. The net decrease is a result of lower average debt levels in 2013 compared to the same period in 2012 and positive net interest recorded on net investment hedges due to lower average interest rates on euro and Swiss franc hedge contracts compared to the prior year period. The net decrease was partially offset by lower investment income due to lower investment balances, lower interest rates and a lower coupon rate on convertible bonds.

Other Expense (Income), Net

Other expense (income), net for the year ended December 31, 2013 was \$5.1 million higher compared to the year ended December 31, 2012. Other expense (income), net for the year ended December 31, 2013 was \$8.3 million, comprised primarily of \$6.9 million of interest expense and fair value adjustments on cross currency basis swaps not designated as hedges that offset currency risk on intercompany loans, and \$2.1 million of currency transaction losses offset by \$0.7 million of other non-operating income. Other expense (income), net for the year ended December 31, 2012 was \$3.2 million, including \$2.7 million of currency transaction losses and \$0.5 million of non-operating expenses.

Income Taxes and Net Income

(in millions, except per share amounts)	Year Ended December 31,		\$ Change
	2013	2012	
Effective income tax rate	14.1%	2.7%	
Equity in net income (loss) of unconsolidated affiliated company	\$ 1.0	\$ (3.3)	\$ 4.3
Net income attributable to noncontrolling interests	\$ 5.0	\$ 4.3	\$ 0.7
Net income attributable to DENTSPLY International	\$ 313.2	\$ 314.2	\$ (1.0)
Diluted earnings per common share	\$ 2.16	\$ 2.18	

Provision for Income Taxes

The Company's effective tax rate for 2013 and 2012 was 14.1% and 2.7%, respectively. The Company's effective tax rate for 2013 was favorably impacted by the Company's post-acquisition restructuring activities, the recording of tax benefits of \$9.4 million related to U.S. federal legislative changes enacted in January 2013 relating to 2012, a tax benefit of \$2.2 million for the release of a valuation allowance and \$10.3 million of benefits related to prior year tax matters. During 2012, the Company entered into various legal entity restructuring activities to complete the integration of the Astra Tech business acquired in August 2011. In addition to the specific tax integration of the Astra Tech subsidiaries with legacy DENTSPLY subsidiaries, the Company also realigned much of its foreign legal entity structure to better align operations and cash management activities. As a part of this restructuring, the Company was able to capture an overall net benefit from anticipated tax losses of \$57.7 million. Most of the cash flow benefit from this tax matter, including utilization of an existing credit carryforward of approximately \$49.6 million will

be realized over the next several years after 2012. Also, the Company recognized \$12.0 million of tax benefit from a reduction in foreign tax rates and separately recorded a valuation allowance on previously recognized assets of \$10.4 million. Further information regarding the details of income taxes is presented in Note 14, Income Taxes, to the consolidated financial statements in this Form 10-K.

In 2013, the Company's effective tax rate included the impact of amortization of purchased intangible assets, integration and restructuring and other costs as well as various income tax adjustments which impacted income before taxes and the provisions for income taxes by \$72.9 million and \$43.7 million, respectively. In 2012, the Company's effective tax rate included the impact of amortization of purchased intangible assets, integration and restructuring and other costs as well as various income tax adjustments which impacted income before taxes and the provisions for income taxes by \$91.7 million and \$90.0 million, respectively.

Equity in net income (loss) of unconsolidated affiliated company

The Company's 17% ownership investment of DIO Corporation ("DIO") resulted in a net earnings of \$1.0 million on an after-tax basis for 2013. The equity earnings of DIO includes the result of mark-to-market changes related to the derivative accounting for the convertible bonds issued by DIO to DENTSPLY. The Company's portion of the mark-to-market net gain incurred by DIO was approximately \$1.2 million. In 2012, equity in net loss in DIO was \$3.3 million on an after-tax basis, which includes the Company's portion of the mark-to-market net loss incurred by DIO of approximately \$3.1 million.

Net income attributable to noncontrolling interests

The portion of consolidated net income attributable to noncontrolling interests increased \$0.7 million from 2013 to 2012 primarily due to increased sales and earnings by such entities.

Net Income attributable to DENTSPLY International

In addition to the results reported in accordance with US GAAP, the Company provides adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share. The Company discloses adjusted net income attributable to DENTSPLY International to allow investors to evaluate the performance of the Company's operations exclusive of certain items that impact the comparability of results from period to period and certain large non-cash charges related to purchased intangible assets. The Company believes that this information is helpful in understanding underlying operating trends and cash flow generation. The adjusted net income attributable to DENTSPLY International consists of net income attributable to DENTSPLY International adjusted to exclude the impact of the following:

- (1) *Acquisition related costs.* These adjustments include costs related to integrating recently acquired businesses and specific costs related to the consummation of the acquisition process. These costs are irregular in timing and as such may not be indicative of past and future performance of the Company and are therefore excluded to allow investors to better understand underlying operating trends.
- (2) *Restructuring and other costs.* These adjustments include both costs and income that are irregular in timing, amount and impact to the Company's financial performance. As such, these items may not be indicative of past and future performance of the Company and are therefore excluded for the purpose of understanding underlying operating trends.
- (3) *Amortization of purchased intangible assets.* This adjustment excludes the periodic amortization expense related to purchased intangible assets. Beginning in 2011, the Company began recording large non-cash charges related to the values attributed to purchased intangible assets. These charges have been excluded from adjusted net income attributed to DENTSPLY International to allow investors to evaluate and understand operating trends excluding these large non-cash charges.
- (4) *Income related to credit risk and fair value adjustments.* These adjustments include both the cost and income impacts of adjustments in certain assets and liabilities that are recorded through net income which are due solely to the changes in fair value and credit risk. These items can be variable and driven more by market conditions than the Company's operating performance. As such, these items may not be indicative of past and future performance of the Company and therefore are excluded for comparability purposes.
- (5) *Certain fair value adjustments related to an unconsolidated affiliated company.* This adjustment represents the fair value adjustment of the unconsolidated affiliated company's convertible debt instrument held by the Company. The affiliate is accounted for under the equity method of accounting. The fair value adjustment is driven by open market pricing of the affiliate's equity

instruments, which has a high degree of variability and may not be indicative of the operating performance of the affiliate or the Company.

(6) *Income tax related adjustments.* These adjustments include both income tax expenses and income tax benefits that are representative of income tax adjustments mostly related to prior periods, as well as the final settlement of income tax audits. These adjustments are irregular in timing and amount and may significantly impact the Company's operating performance. As such, these items may not be indicative of past and future performance of the Company and therefore are excluded for comparability purposes.

Adjusted earnings per diluted common share is calculated by dividing adjusted net income attributable to DENTSPLY International by diluted weighted-average common shares outstanding. Adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share are considered measures not calculated in accordance with US GAAP, and therefore are non-US GAAP measures. These non-US GAAP measures may differ from other companies. Income tax related adjustments may include the impact to adjust the interim effective income tax rate to the expected annual effective tax rate. The non-US GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with US GAAP.

(in thousands, except per share amounts)	Year Ended December 31, 2013	
	Net Income	Per Diluted Common Share
Net income attributable to DENTSPLY International	\$ 313,192	\$ 2.16
Amortization of purchased intangible assets, net of tax	32,309	0.22
Restructuring and other costs, net of tax	9,721	0.07
Acquisition related activities, net of tax	5,890	0.04
Credit risk and fair value adjustments to outstanding derivatives, net of tax	2,339	0.02
Gain on fair value adjustment related to an unconsolidated affiliated company, net of tax	(1,200)	(0.01)
Income tax related adjustments	(21,054)	(0.15)
Adjusted non-US GAAP earnings	<u>\$ 341,197</u>	<u>\$ 2.35</u>

(in thousands, except per share amounts)	Year Ended December 31, 2012	
	Net Income	Per Diluted Common Share
Net income attributable to DENTSPLY International	\$ 314,213	\$ 2.18
Amortization of purchased intangible assets, net of tax	33,612	0.23
Restructuring and other costs, net of tax	18,549	0.13
Acquisition related activities, net of tax	9,299	0.07
Loss on fair value adjustment related to an unconsolidated affiliated company, net of tax	2,927	0.02
Orthodontic business continuity costs, net of tax	600	—
Income tax related adjustments	(59,992)	(0.41)
Adjusted non-US GAAP earnings	<u>\$ 319,208</u>	<u>\$ 2.22</u>

Operating Segment Results

The Company's operating businesses are combined into operating groups, which have overlapping product offerings, geographic presence, customer bases, distribution channels and regulatory oversight. These operating groups are considered the Company's reportable segments as the Company's chief operating decision-maker regularly reviews financial results at the operating group level and uses this information to manage the Company's operations. Each of these operating groups covers a wide range of product categories and geographic regions. The product categories and geographic regions often overlap across the groups. Further information regarding the details of each group is presented in Note 5, Segment and Geographic Information, to the consolidated financial statements in this Form 10-K. The management of each group is evaluated for performance and incentive compensation purposes on net third party sales, excluding precious metal content, and segment operating income.

Net Sales, Excluding Precious Metal Content

(in millions)

	Year Ended December 31,		\$ Change	% Change
	2013	2012		
Dental Consumable and Laboratory Businesses	\$ 842.7	\$ 816.3	\$ 26.4	3.2%
Orthodontics/Canada/Mexico/Japan	\$ 279.0	\$ 286.7	\$ (7.7)	(2.7%)
Select Distribution Businesses	\$ 267.3	\$ 252.1	\$ 15.2	6.0%
Implants/Endodontics/Healthcare/Pacific Rim	\$ 1,386.9	\$ 1,363.3	\$ 23.6	1.7%

Segment Operating Income (Loss)

(in millions)

	Year Ended December 31,		\$ Change	% Change
	2013	2012		
Dental Consumable and Laboratory Businesses	\$ 229.6	\$ 223.7	\$ 5.9	2.6%
Orthodontics/Canada/Mexico/Japan	\$ 13.9	\$ 14.1	\$ (0.2)	(1.4%)
Select Distribution Businesses	\$ (1.0)	\$ (4.2)	\$ 3.2	NM
Implants/Endodontics/Healthcare/Pacific Rim	\$ 295.4	\$ 293.0	\$ 2.4	0.8%

NM - Not meaningful

Dental Consumable and Laboratory Businesses

Net sales, excluding precious metal content, increased \$26.4 million, or 3.2%, during 2013 as compared to 2012. Sales on a constant currency basis increased 2.1% coupled with positive currency translation of 1.1% due to the weakening of the U.S. dollar primarily against the euro. Constant currency growth was primarily the result of increased sales of the dental consumable products.

Operating income increased \$5.9 million during 2013 compared to 2012. The improvement in operating income was primarily the result of sales growth.

Orthodontics/Canada/Mexico/Japan

Net sales, excluding precious metal content, decreased \$7.7 million, or 2.7%, during 2013 compared to 2012. Sales grew on a constant currency basis by 1.4% which was entirely offset by negative currency translation of 4.1% as currency rates for the Japanese yen and the Canadian dollar weakened compared with the U.S. dollar. The constant currency growth was primarily the result of increased sales of specialty dental products.

Operating income decreased \$0.2 million during 2013 compared to 2012. Excluding the impact of foreign currency fluctuations, there were modest operating income improvements reflecting the ongoing recovery of the orthodontics business.

Select Distribution Businesses

Net sales, excluding precious metal content, increased \$15.2 million, or 6.0%, during 2013 compared to 2012. Sales increased by 4.0% on a constant currency basis, while currency translation added 2.0%. The constant currency growth was primarily the result of increased sales of specialty dental products.

Operating income (loss), improved by \$3.2 million in 2013 compared to 2012. The improvement in operating income was primarily the result of sales growth.

Implants/Endodontics/Healthcare/Pacific Rim

Net sales, excluding precious metal content, increased \$23.6 million, or 1.7%, during 2013 compared to 2012. The sales improvement included sales growth of 1.8% on a constant currency basis slightly offset by the negative impact of foreign currency rates. Constant currency sales growth was primarily the result of increased sales of specialty products despite a decline in implant sales.

Operating income improved \$2.4 million during 2013 compared to 2012, primarily as a result of increased specialty product sales and cost savings activities.

RESULTS OF OPERATIONS

2012 Compared to 2011

(in millions)	Year Ended December 31,		\$ Change	% Change
	2012	2011		
Net sales	\$ 2,928.4	\$ 2,537.7	\$ 390.7	15.4%
Less: Precious metal content of sales	213.7	205.1	8.6	4.2%
Net sales, excluding precious metal content	<u>\$ 2,714.7</u>	<u>\$ 2,332.6</u>	<u>\$ 382.1</u>	<u>16.4%</u>

In 2012, net sales, excluding precious metal content increased \$382.1 million from 2011. The 16.4% increase in net sales, excluding precious metal content, included constant currency growth of 20.2%, and currency translation, which decreased net sales, excluding precious metal content, by 3.8%. The constant currency sales growth was comprised of internal growth of 4.0% and acquisition growth of 16.2%.

Constant Currency Sales Growth

The following table includes growth rates for net sales, excluding precious metal content.

	Year Ended December 31, 2012			
	United States	Europe	All Other Regions	Worldwide
Internal sales growth	3.6%	2.6%	7.2%	4.0%
Net acquisition sales growth	10.2%	24.9%	8.7%	16.2%
Constant currency sales growth	<u>13.8%</u>	<u>27.5%</u>	<u>15.9%</u>	<u>20.2%</u>

United States

During 2012, net sales, excluding precious metal content, increased by 13.8% on a constant currency basis, including 10.2% of acquisition growth. The internal growth rate was 3.6% due to increased demand across all product categories.

Europe

During 2012, net sales, excluding precious metal content, increased by 27.5% on a constant currency basis, including 24.9% of acquisition growth. The internal growth rate was 2.6% and was primarily driven by sales growth in the dental specialty, dental consumable and consumable medical device products partially offset by decreased demand for precious metal alloy products within the dental laboratory products category.

All Other Regions

During 2012, net sales, excluding precious metal content, increased 15.9% on a constant currency basis, which includes 8.7% of acquisition growth. The internal growth was 7.2%, driven by sales growth in all dental product categories.

Gross Profit

(in millions)	Year Ended December 31,			
	2012	2011	\$ Change	% Change
Gross profit	\$ 1,556.4	\$ 1,273.4	\$ 283.0	22.2%
Gross profit as a percentage of net sales, including precious metal content	53.1%	50.2%		
Gross profit as a percentage of net sales, excluding precious metal content	57.3%	54.6%		

Gross profit as a percentage of net sales, excluding precious metal content, increased 2.7% during 2012 compared to 2011. The gross profit rate was positively impacted by improved product pricing, favorable product mix primarily associated with recent acquisitions as well as a favorable rate impact from changes in foreign currency translation rates offset by higher manufacturing costs. In 2011, the gross profit rate was negatively impacted by approximately two percentage points from expensing inventory for the fair value adjustments associated with acquisitions.

Expenses

Selling, General and Administrative (“SG&A”) Expenses

(in millions)	Year Ended December 31,			
	2012	2011	\$ Change	% Change
SG&A expenses	\$ 1,148.7	\$ 936.8	\$ 211.9	22.6%
SG&A expenses as a percentage of net sales, including precious metal content	39.2%	36.9%		
SG&A expenses as a percentage of net sales, excluding precious metal content	42.3%	40.2%		

SG&A expenses as a percentage of net sales, excluding precious metal content, was 2.1% higher than in 2011. Increased SG&A expenses as a percent of net sales, excluding precious metal content, was a result of the higher expense rate of the Astra Tech business and \$30.9 million of amortization primarily associated with 2011 acquisitions as well as key global marketing events.

Restructuring and Other Costs

(in millions)	Year Ended December 31,			
	2012	2011	\$ Change	% Change
Restructuring and other costs	\$ 25.7	\$ 35.9	\$ (10.2)	(28.4%)

The Company recorded net restructuring and other costs of \$25.7 million in 2012 compared to \$35.9 million in 2011. In 2012, restructuring cost of \$17.8 million were related to the implant integration activity as well as the closure and consolidation of facilities in an effort to streamline the Company’s operations and better leverage the Company’s resources. Restructuring and other costs also include \$5.2 million related to an impairment of previously acquired technology.

In 2011, these costs were related to expenses associated with the acquisition of Astra Tech of \$18.0 million, legal settlement cost of \$12.6 million as well as restructuring costs primarily related to the orthodontic business. Also, the Company recorded certain other costs of \$1.5 million related to an impairment of an intangible asset.

The benefits associated with the 2011 and 2012 restructuring plans were immaterial to the current period. The Company estimates the future annual savings related to these plans to be in the range of \$10 million to \$15 million to be realized over the next three to five years. There is no assurance that future savings will be fully achieved.

Other Income and Expenses

(in millions)	Year Ended December 31,		\$ Change
	2012	2011	
Net interest expense	\$ 48.1	\$ 35.6	\$ 12.5
Other expense, net	3.2	9.0	(5.8)
Net interest and other expense	\$ 51.3	\$ 44.6	\$ 6.7

Net Interest Expense

The change in net interest expense in 2012 compared to 2011 was primarily the result of higher average debt levels and lower cash levels as a result of financing the \$1.8 billion Astra Tech acquisition in 2011. Interest expense increased \$13.0 million over 2011.

Other Expense, Net

Other expense in the 2012 period included approximately \$2.7 million of currency transaction losses and \$0.5 million of other non-operating expense. Other expense in the 2011 period included approximately \$1.7 million of currency transaction losses, \$2.9 million of interest rate swap terminations, \$3.8 million of Treasury rate lock ineffectiveness, and \$0.6 million of other non-operating expense.

Income Taxes and Net Income

(in millions, except per share amounts)	Year Ended December 31,		\$ Change
	2012	2011	
Effective income tax rate	2.7%	4.3%	
Equity in net income (loss) of unconsolidated affiliated company	\$ (3.3)	\$ 2.4	\$ (5.7)
Net income attributable to noncontrolling interests	\$ 4.3	\$ 2.9	\$ 1.4
Net income attributable to DENTSPLY International	\$ 314.2	\$ 244.5	\$ 69.7
Diluted earnings per common share	\$ 2.18	\$ 1.70	

Provision for Income Taxes

During 2012, the Company entered into various legal entity restructuring activities to complete the integration of the Astra Tech business acquired in August 2011. In addition to the specific tax integration of the Astra Tech subsidiaries with legacy DENTSPLY subsidiaries, the Company also realigned much of its foreign legal entity structure to better align operations and cash management activities. As a part of this restructuring, the Company was able to capture an overall net benefit from anticipated tax losses of \$57.7 million. Most of the cash flow benefit from this tax matter, including utilization of an existing credit carryforward of approximately \$49.6 million will be realized over the next several years. Also, the Company recognized \$12.0 million of tax benefit from a reduction in foreign tax rates and separately recorded a valuation allowance on previously recognized assets of \$10.4 million. During 2011, the Company recorded a tax benefit from the release of a valuation allowance on previously unrecognized tax loss carryforwards of approximately \$46.7 million. Further information regarding the details of income taxes is presented in Note 14, Income Taxes, to the consolidated financial statements in this Form 10-K.

The Company's effective tax rate for 2012 and 2011 was 2.7% and 4.3%, respectively. In 2012, the Company's effective tax rate included the impact of amortization of purchased intangible assets, integration and restructuring and other costs as well as various income tax adjustments which impacted income before taxes and the provisions for income taxes by \$91.7 million and \$90.0 million, respectively. In 2011, the Company's effective income tax rate included the impact of acquisition related activity, restructuring and other costs, amortization of purchased intangibles from acquisitions and the release of the valuation allowance

and various income tax adjustments, which impacted income before income taxes and the provision for income taxes by \$123.8 million and \$75.4 million, respectively.

Equity in net income (loss) of unconsolidated affiliated company

The Company's 17% ownership investment of DIO Corporation resulted in a net loss of \$3.3 million on an after-tax basis for 2012. The equity earnings of DIO includes the result of mark-to-market changes related to the derivative accounting for the convertible bonds issued by DIO to DENTSPLY. The Company's portion of the mark-to-market net loss incurred by DIO was approximately \$3.1 million. In 2011, equity in net income was \$2.4 million on an after-tax basis and the Company's portion of the mark-to-market net gain incurred by DIO was approximately \$2.2 million.

Net income attributable to noncontrolling interests

The portion of consolidated net income attributable to noncontrolling interests increased \$1.4 million from 2012 to 2011 due to higher earnings.

Net Income attributable to DENTSPLY International

In addition to the results reported in accordance with US GAAP, the Company provides adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share. Adjusted earnings per diluted common share is calculated by dividing adjusted net income attributable to DENTSPLY International by diluted weighted-average common shares outstanding. Adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share are considered measures not calculated in accordance with US GAAP, and therefore are non-US GAAP measures. These non-US GAAP measures may differ from other companies. Income tax related adjustments may include the impact to adjust the interim effective income tax rate to the expected annual effective tax rate. The non-US GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with US GAAP.

(in thousands, except per share amounts)	Year Ended December 31, 2012	
	Net Income	Per Diluted Common Share
Net income attributable to DENTSPLY International	\$ 314,213	\$ 2.18
Amortization of purchased intangible assets, net of tax	33,612	0.23
Restructuring and other costs, net of tax	18,549	0.13
Acquisition related activities, net of tax	9,299	0.07
Loss on fair value adjustment at an unconsolidated affiliated company, net of tax	2,927	0.02
Orthodontic business continuity costs, net of tax	600	—
Income tax related adjustments	(59,992)	(0.41)
Adjusted non-US GAAP earnings	<u>\$ 319,208</u>	<u>\$ 2.22</u>

(in thousands, except per share amounts)	Year Ended December 31, 2011	
	Net Income	Per Diluted Common Share
Net income attributable to DENTSPLY International	\$ 244,520	\$ 1.70
Acquisition related activities, net of tax	62,723	0.44
Amortization of purchased intangible assets, net of tax	14,428	0.10
Restructuring and other costs, net of tax	11,395	0.08
Orthodontic business continuity costs, net of tax	2,128	0.01
Credit risk adjustment to outstanding derivatives, net of tax	(783)	—
Gain on fair value adjustment at an unconsolidated affiliated company, net of tax	(2,486)	(0.02)
Income tax related adjustments	(41,053)	(0.28)
Adjusted non-US GAAP earnings	<u>\$ 290,872</u>	<u>\$ 2.03</u>

Operating Segment Results

Net Sales, Excluding Precious Metal Content

(in millions)

	Year Ended December 31,		\$ Change	% Change
	2012	2011		
Dental Consumable and Laboratory Businesses	\$ 816.3	\$ 824.3	\$ (8.0)	(1.0%)
Orthodontics/Canada/Mexico/Japan	\$ 286.7	\$ 276.2	\$ 10.5	3.8%
Select Distribution Businesses	\$ 252.1	\$ 252.5	\$ (0.4)	(0.2%)
Implants/Endodontics/Healthcare/Pacific Rim	\$ 1,363.3	\$ 984.5	\$ 378.8	38.5%

Segment Operating Income (Loss)

(in millions)

	Year Ended December 31,		\$ Change	% Change
	2012	2011		
Dental Consumable and Laboratory Businesses	\$ 223.7	\$ 209.4	\$ 14.3	6.8%
Orthodontics/Canada/Mexico/Japan	\$ 14.1	\$ 13.0	\$ 1.1	8.5%
Select Distribution Businesses	\$ (4.2)	\$ (1.4)	\$ (2.8)	NM
Implants/Endodontics/Healthcare/Pacific Rim	\$ 293.0	\$ 218.4	\$ 74.6	34.2%

NM - Not meaningful

Dental Consumable and Laboratory Businesses

Net sales, excluding precious metal content, decreased \$8.0 million during the year ended December 31, 2012 as compared to 2011. On a constant currency basis, net sales, excluding precious metals content, increased 2.0%, which was driven primarily by increased sales in the dental consumable businesses partially offset by lower sales in the dental laboratory businesses.

Operating income increased \$14.3 million during the year ended December 31, 2012 compared to 2011. Operating income was positively impacted by an increase in gross profit of approximately \$8 million despite unfavorable currency translation of approximately \$13 million, the increase was mainly the result of product mix. SG&A expenses decreased approximately \$7 million, primarily due to favorable currency translation.

Orthodontics/Canada/Mexico/Japan

Net sales, excluding precious metal content, increased \$10.5 million, or 3.8%, during the year ended December 31, 2012 compared to 2011. On a constant currency basis, net sales, excluding precious metal content, increased 6.0%. The increase was due to the recovery of the orthodontics business and sales growth in Canada.

Operating income increased \$1.1 million during the year ended December 31, 2012 compared to 2011. Gross profit increased \$2 million mainly due to higher sales despite approximately \$2 million of unfavorable currency translation. SG&A expenses were unchanged as compared to 2011, including favorable foreign currency translation and expenses related to the relaunch of the orthodontics businesses.

Select Distribution Businesses

Net sales, excluding precious metal content, decreased \$0.4 million during the year ended December 31, 2012 compared to 2011. On a constant currency basis, net sales, excluding precious metal content, increased by 8.3% primarily driven by sales demand in all dental product categories with the largest increase in dental specialty products.

Operating income decreased \$2.8 million during the year ended December 31, 2012 compared to 2011. Gross profit decreased approximately \$5 million primarily due to unfavorable currency translation. SG&A expenses decreased by approximately \$3 million, primarily due to favorable foreign currency translation partially offset by increased selling expense.

Implants/Endodontics/Healthcare/Pacific Rim

Net sales, excluding precious metal content, increased \$378.8 million, or 38.5%, during the year ended December 31, 2012 compared to 2011. On a constant currency basis, net sales, excluding precious metal content, increased 42.2% over prior year mostly as a result of the full year of Astra Tech financial results. The 2011 net sales, excluding precious metal content, only included four months of Astra Tech financial results. On a constant currency basis, net sales, excluding precious metal content grew in all businesses.

Operating income increased \$74.6 million, or 34.2% during the year ended December 31, 2012 compared to 2011. Gross margin increased approximately \$289 million primarily due to acquisitions partially offset by approximately \$42 million of unfavorable foreign currency translation. SG&A expenses increased approximately \$215 million primarily due to acquisitions and favorable foreign currency translation of approximately \$27 million.

CRITICAL ACCOUNTING JUDGMENTS AND POLICIES

The preparation of the Company's consolidated financial statements in conformity with US GAAP requires the Company to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and such differences may be material to the consolidated financial statements. The process of determining significant estimates is fact specific and takes into account factors such as historical experience, current and expected economic conditions, product mix and in some cases, actuarial techniques. The Company evaluates these significant factors as facts and circumstances dictate. Some events as described below could cause results to differ significantly from those determined using estimates. The Company has identified the following accounting estimates as those which are critical to its business and results of operations.

Business Acquisitions

The Company acquires businesses as well as partial interests in businesses. Acquired businesses are accounted for using the acquisition method of accounting which requires the Company to record assets acquired and liabilities assumed at their respective fair values with the excess of the purchase price over estimated fair values recorded as goodwill. The assumptions made in determining the fair value of acquired assets and assumed liabilities as well as asset lives can materially impact the results of operations.

The Company obtains information during due diligence and through other sources to get respective fair values. Examples of factors and information that the Company uses to determine the fair values include: tangible and intangible asset evaluations and appraisals; evaluations of existing contingencies and liabilities and product line integration information. If the initial valuation for an acquisition is incomplete by the end of the quarter in which the acquisition occurred, the Company will record a provisional estimate in the financial statements. The provisional estimate will be finalized as soon as information becomes available but will only occur up to one year from the acquisition date.

Goodwill and Other Long-Lived Assets

Goodwill and Indefinite-Lived Assets

The Company follows the accounting standards for goodwill and indefinite-lived intangibles, which require an annual test for impairment to goodwill using a fair value approach. In addition to minimum annual impairment tests, the Company also requires that impairment assessments be made more frequently if events or changes in circumstances indicate that the goodwill or indefinite-lived assets might be impaired. If impairment related to goodwill is identified, the resulting charge is determined by recalculating goodwill through a hypothetical purchase price allocation of the fair value and reducing the current carrying value to the extent it exceeds the recalculated goodwill. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized.

Other Long-Lived Assets

Other long-lived assets, such as definite-lived intangible assets and fixed assets, are amortized or depreciated over their estimated useful lives. In accordance with US GAAP, these assets are reviewed for impairment whenever events or circumstances provide evidence that suggest that the carrying amount of the asset may not be recoverable based upon an evaluation of the identifiable undiscounted cash flows. If impaired based on the identifiable undiscounted cash flows, the asset's fair value is determined using the discounted cash flow and market participant assumptions. The resulting charge reflects the excess of the asset's carrying cost over its fair value.

Impairment Assessment

Assessment of the potential impairment of goodwill and other long-lived assets is an integral part of the Company's normal ongoing review of operations. Testing for potential impairment of these assets is significantly dependent on numerous assumptions and reflects management's best estimates at a particular point in time. The dynamic economic environments in which the Company's businesses operate and key economic and business assumptions with respect to projected selling prices, increased competition and introductions of new technologies can significantly affect the outcome of impairment tests. Estimates based on these assumptions may differ significantly from actual results. Changes in factors and assumptions used in assessing potential impairments can have a significant impact on the existence and magnitude of impairments, as well as the time at which such impairments are recognized. If there are unfavorable changes in these assumptions, particularly changes in the Company's discount rates, earnings multiples and future cash flows, the Company may be required to recognize impairment charges. Information with respect to the Company's significant accounting policies on goodwill and other long-lived assets are included in Note 1, Significant Accounting Policies, to the consolidated financial statements in this Form 10-K.

Annual Goodwill Impairment Testing

Goodwill is not amortized; instead, it is tested for impairment annually or more frequently if indicators of impairment exist or if a decision is made to sell a business. The valuation date for annual impairment testing is April 30. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include a decline in expected cash flows, a significant adverse change in legal factors or in the business climate, unanticipated competition or slower growth rates, among others. It is important to note that fair values that could be realized in an actual transaction may differ from those used to evaluate the impairment of goodwill.

Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. The Company has several reporting units contained within each operating segment.

The evaluation of impairment involves comparing the current fair value of each reporting unit to its net book value, including goodwill. The Company uses a discounted cash flow model ("DCF model") to estimate the current fair value of its reporting units when testing for impairment, as management believes forecasted operating cash flows are the best indicator of such fair value. A number of significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including future sales growth, operating margin growth, benefits from restructuring initiatives, tax rates, capital spending, business initiatives, and working capital changes. These assumptions may vary significantly among the reporting units. Operating cash flow forecasts are based on approved business-unit operating plans for the early years and historical relationships and projections in later years. The weighted average cost of capital ("WACC") rate is estimated for geographic regions and applied to the reporting units located within the regions. The Company has not materially changed its methodology for goodwill impairment testing for the years presented. Due to the many variables inherent in the estimation of a reporting unit's fair value and the relative size of the Company's recorded goodwill, differences in assumptions may have a material effect on the results of the Company's impairment analysis.

The performance of the Company's 2013 annual impairment tests did not result in any impairment of the Company's goodwill. The WACC rates utilized in the 2013 analysis ranged from 8.4% to 11.5%. If the fair value of each of the Company's reporting units had been hypothetically reduced by 10% at April 30, 2013, the fair value of each reporting unit would still exceed their net book value. Had the WACC rate of each of the Company's reporting units been hypothetically increased by 50 basis points at April 30, 2013, the fair value of all reporting units still exceeds their net book value.

In 2011, the Company had a major acquisition that significantly increased the size of the Company's implants and healthcare businesses. Also in 2011, the Company's orthodontic business suffered a severe supply disruption. The Company continues to closely monitor these businesses given the size and competitive markets in which they operate. Goodwill for these reporting units totaled approximately \$1.6 billion at December 31, 2013.

Should the Company's analysis in the future indicate an increase in discount rates or a degradation in the overall markets served by these reporting units, it could result in impairment of the carrying value of goodwill to its implied fair value. There can be no assurance that the Company's future goodwill impairment testing will not result in a charge to earnings.

Annual Indefinite-Lived Intangible Asset Impairment Testing

Indefinite-lived intangible assets consist of tradenames and are not subject to amortization; instead, they are tested for impairment annually or more frequently if indicators of impairment exist or if a decision is made to sell a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include a decline in expected cash flows, a significant adverse change in legal factors or in the business climate, unanticipated competition or slower growth rates, among others. It is important to note that fair values that could be realized in an actual transaction may differ from those used to evaluate the impairment of indefinite-lived assets.

The fair value of acquired tradenames is estimated by the use of a relief from royalty method, which values an indefinite-lived intangible asset by estimating the royalties saved through the ownership of an asset. Under this method, an owner of an indefinite-lived intangible asset determines the arm's length royalty that likely would have been charged if the owner had to license the asset from a third party. The royalty, which is based on the estimated rate applied against forecasted sales, is tax-effected and discounted present value using a discount rate commensurate with the relative risk of achieving the cash flow attributable to the asset. Significant management judgment is necessary to determine key assumptions, including projected revenue, royalty rates and appropriate discount rates. Royalty rates used are consistent with those assumed for the original purchase accounting valuation. Other assumptions are consistent with those applied to goodwill impairment testing.

The performance of the Company's 2013 annual impairment test did not result in any impairment of the Company's indefinite-lived assets. If the fair value of each of the Company's indefinite-lived intangibles assets had been hypothetically reduced by 10% or the discount rate had been hypothetically increased by 50 basis points, the fair value of these assets would still exceed their book value.

In 2011, the Company had a major acquisition that significantly increased the size of the Company's implants and healthcare businesses. The Company continues to closely monitor these businesses given the size and competitive markets in which they operate. Indefinite-lived intangible assets related to these reporting unit totaled approximately \$196.8 million at December 31, 2013.

Should the Company's analysis in the future indicate an increase in discount rates or a degradation in the use of the tradenames, it could result in impairment of the carrying value of the indefinite-lived assets to its implied fair value. There can be no assurance that the Company's future indefinite-lived asset impairment testing will not result in a charge to earnings.

Litigation

The Company and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company records liabilities when a loss is probable and can be reasonably estimated. These estimates are typically in the form of ranges, and the Company records the liabilities at the low point of the ranges, when no other point within the ranges are a better estimate of the probable loss. The ranges established by management are based on analysis made by internal and external legal counsel based on information known at the time. If the Company determines a liability to be only reasonably possible, it considers the same information to estimate the possible exposure and discloses any material potential liability. These loss contingencies are monitored regularly for a change in fact or circumstance that would require an accrual adjustment. The Company believes it has estimated liabilities for probable losses well in the past; however, the unpredictability of litigation and court decisions could cause a liability to be incurred in excess of estimates. Legal costs related to these lawsuits are expensed as incurred.

Income Taxes

Income taxes are determined using the liability method of accounting for income taxes. The Company's tax expense includes the U.S. and international income taxes plus the provision for U.S. taxes on undistributed earnings of international subsidiaries not deemed to be permanently invested.

The Company applies a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position.

Certain items of income and expense are not reported in tax returns and financial statements in the same year. The tax effect of such temporary differences is reported as deferred income taxes. Deferred tax assets are recognized if it is more likely than not that the assets will be realized in future years. The Company establishes a valuation allowance for deferred tax assets for which realization is not likely. At December 31, 2013, the Company recorded a valuation allowance of \$228.8 million against the benefit of certain deferred tax assets of foreign and domestic subsidiaries.

The Company operates within multiple taxing jurisdictions and in the normal course of business is examined in various jurisdictions. The reversal of accruals is recorded when examinations are completed, statutes of limitation are closed or tax laws are changed.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities during the year ended December 31, 2013 were \$417.8 million compared to \$369.7 million during the year ended December 31, 2012. The year over year improvement in cash from operations of \$48.1 million was primarily the result of substantially lower taxes paid partially offset by an increase in working capital. The Company's cash, cash equivalents and short-term investments decreased by \$5.1 million during the year ended December 31, 2013 to \$75.0 million.

For the year ended December 31, 2013, the number of days for sales outstanding in accounts receivable increased by three days to 56 days as compared to 53 days in 2012. On a constant currency basis, the number of days of sales in inventory increased by eight days to 114 days at December 31, 2013 as compared to 106 days at December 31, 2012. The Company has strategically increased inventory in a few businesses as part of transition plans associated with anticipated operational changes. The Company anticipates that inventory levels may continue to increase slightly in 2014 before gradually returning to more normal levels by the end of 2015.

Investing activities during 2013 include capital expenditures of \$100.3 million. The Company also invested \$75.2 million related to the acquisition of two businesses and final payments on previous acquisitions.

At December 31, 2013, the Company had authorization to maintain up to 34.0 million shares of treasury stock under its stock repurchase program as approved by the Board of Directors. Under this program, the Company purchased approximately 2.7 million shares, or approximately 1.9% of average diluted shares outstanding, during 2013 at an average price of \$43.94. At December 31, 2013 and 2012, the Company held 20.5 million shares of treasury stock. The Company also received proceeds of \$66.9 million primarily as a result of 2.3 million stock options exercised during the year ended December 31, 2013.

Total debt decreased by \$45.0 million for the year ended December 31, 2013. DENTSPLY's long-term debt, including the current portion, at December 31, 2013 and 2012 was \$1,370.8 million and \$1,472.9 million, respectively. The Company's long-term debt, including the current portion decreased by a net of \$102.1 million during the year ended December 31, 2013. This net change included a net decrease in borrowings of \$78.4 million, and a decrease of \$23.7 million due to exchange rate fluctuations on debt denominated in foreign currencies. The decrease in long term borrowings reflects refinancing of \$250.0 million floating rate notes with a combination of a new seven year term loan of \$175.0 million and the balance refinanced with short-term commercial paper, which increased \$56.9 million for the year. During the year ended December 31, 2013, the Company's ratio of net debt to total capitalization decreased to 35.3% compared to 39.0% at December 31, 2012. DENTSPLY defines net debt as total debt, including current and long-term portions, less cash and cash equivalents and total capitalization as the sum of net debt plus total equity.

On August 26, 2013, the Company entered into a \$175.0 million variable rate seven-year term loan that matures in August 2020. The term loan is pre-payable at par and has annual principal repayments of \$8.8 million in each of the first six years with the balance due at maturity. The variable interest rate is reset quarterly at three-month U.S. dollar London Inter-Bank Offered Rate ("LIBOR") plus 1.125%.

During the fourth quarter of 2013, the Company settled and replaced net investment hedges totaling 533.8 million euros. The settled hedge instruments were cross currency basis swaps that matured in October and December of 2013. The Company replaced these hedges with new foreign exchange forward contracts that have layered maturity dates from March 2014 to June 2015. These net investment hedges were traded at an exchange rate of approximately 1.37 U.S. dollars per euro which resulted in cash payments totaling \$52.7 million to settle the hedges during the fourth quarter of 2013. On December 30, 2013, the Company entered into 22.0 million euro of additional foreign exchange forward contracts designated as hedges of net investments, maturing June 2015. The hedges had an original exchange rate of approximately 1.38 U.S. dollars per euro.

On January 17, 2013, the Company extended 295.5 million Swiss francs of cross currency basis swaps maturing in February, March and April of 2013 with five new swaps totaling 295.5 million Swiss francs maturing in February 2016, March 2017 and

April 2018. These net investment hedges were traded at an exchange rate of approximately 0.93 Swiss francs per U.S. dollar which resulted in cash payments totaling \$55.2 million to settle the hedges in February, March, and April of 2013. The Company will receive three-month U.S. dollar LIBOR and pay three-month Swiss franc LIBOR minus 31.6 basis points.

On January 10, 2013, the Company entered into 347.8 million euro of cross currency basis swaps to hedge a balance sheet liability resulting from a legal entity restructuring pursuant to the Company's acquisition integration plans. The hedges had an original exchange rate of approximately 1.32 U.S. dollars per euro and offset currency revaluation of a euro note payable by a U.S. dollar functional company. On June 19, 2013, the Company terminated these swaps resulting in a cash receipt of \$2.2 million.

On December 20, 2012, the Company established hedges totaling 241.4 million Swiss francs to offset an intercompany Swiss franc note receivable at a U.S. dollar functional entity that was created by a net dividend of 241.4 million Swiss francs. The change in the value of the hedges offset the change in the value of the Swiss franc denominated intercompany note receivable held at a U.S. dollar functional entity. During the year ending December 31, 2013, the Company adjusted the amount of the hedge each quarter to reflect note repayments and maintain an offset to the currency revaluation of the Swiss franc note receivable outstanding. The note and the hedge decreased by 142.3 million Swiss francs as the note was repaid. The hedge settlements resulted in \$7.0 million cash receipt.

Under its five-year multi-currency revolving credit agreement, the Company is able to borrow up to \$500.0 million through July 27, 2016. The facility is unsecured and contains certain affirmative and negative covenants relating to the operations and financial condition of the Company. The most restrictive of these covenants pertain to asset dispositions and prescribed ratios of indebtedness to total capital and operating income plus depreciation and amortization to interest expense. At December 31, 2013, the Company was in compliance with these covenants. The Company also has available an aggregate \$500.0 million under a U.S. dollar commercial paper facility. The five-year revolver serves as a back-up to the commercial paper facility, thus the total available credit under the commercial paper facility and the multi-currency revolving credit facilities in the aggregate is \$500.0 million. At December 31, 2013, outstanding borrowings were \$101.9 million under the multi-currency revolving facility.

The Company also has access to \$75.4 million in uncommitted short-term financing under lines of credit from various financial institutions. The lines of credit have no major restrictions and are provided under demand notes between the Company and the lending institutions. At December 31, 2013, \$3.3 million was outstanding under these short-term lines of credit. At December 31, 2013, the Company had total unused lines of credit related to the revolving credit agreement and the uncommitted short-term lines of credit of \$469.7 million.

At December 31, 2013, the Company held \$80.8 million of precious metals on consignment from several financial institutions. These consignment agreements allow the Company to acquire the precious metal at market rates at a point in time, which is approximately the same time, and for the same price as alloys are sold to the Company's customers. In the event that the financial institutions would discontinue offering these consignment arrangements, and if the Company could not obtain other comparable arrangements, the Company may be required to obtain third party financing to fund an ownership position in the required precious metal inventory levels.

The following table presents the Company's scheduled contractual cash obligations at December 31, 2013:

Contractual Obligations

(in thousands)	Less Than 1 Year	1-3 Years	3-5 Years	Greater Than 5 Years	Total
Long-term borrowings	\$ 204,656	\$ 567,888	\$ 17,984	\$ 580,305	\$ 1,370,833
Operating leases	38,068	50,317	33,793	21,381	143,559
Interest on long-term borrowings, net					
of interest rate swap agreements	37,877	58,574	40,298	51,657	188,406
Postemployment obligations	11,097	23,852	27,686	84,824	147,459
Cross currency basis swaps	40,756	9,187	8,655	—	58,598
Precious metal consignment agreements	80,766	—	—	—	80,766
Other commitments	89,122	—	—	—	89,122
	<u>\$ 502,342</u>	<u>\$ 709,818</u>	<u>\$ 128,416</u>	<u>\$ 738,167</u>	<u>\$ 2,078,743</u>

Due to the uncertainty with respect to the timing of future cash flows associated with the Company's unrecognized tax benefits at December 31, 2013, the Company is unable to make reasonably reliable estimates of the period of cash settlement with the

respective taxing authority; therefore, \$25.2 million of the unrecognized tax benefit has been excluded from the contractual obligations table above (See Note 14, Income Taxes, to the consolidated financial statements in this Form 10-K).

The Company, on an ongoing basis, expects to be able to finance cash requirements, including 2014 capital expenditures in a range of \$120.0 million to \$130.0 million, stock repurchases, debt service, operating leases and potential future acquisitions from the current cash and cash equivalents and short-term investment balances, funds generated from operations and amounts available under its existing credit facilities, which is further discussed in Note 12, Financing Arrangements, to the consolidated financial statements. The Company intends to finance the current portion of long-term debt due in 2014 utilizing the available commercial paper and revolving credit facilities as well as other sources of credit. As noted in the Company's Consolidated Statements of Cash Flows in this Form 10-K, the Company continues to generate strong cash flows from operations, which are used to finance the Company's activities.

At December 31, 2013, the majority of the Company's cash and cash equivalents were held outside of the United States. Most of these balances could be repatriated to the United States, however, under current law, may potentially be subject to U.S. federal income tax, less applicable foreign tax credits. The Company expects to repatriate its foreign excess free cash flow (the amount in excess of capital investment and acquisition needs), subject to current regulations, in order to repay a portion of its commercial paper. Historically, the Company has generated more than sufficient operating cash flows in the United States to fund domestic operations. Further, the Company expects on an ongoing basis, to be able to finance domestic and international cash requirements, including capital expenditures, stock repurchases, debt service, operating leases and potential future acquisitions, from the funds generated from operations and amounts available under its existing credit facilities. The Company intends to finance the purchase of the remaining shares of one variable interest entity for approximately 62.0 million euros as well as the current portion of long-term debt maturing in 2014 utilizing available commercial paper, cash and other financing.

NEW ACCOUNTING PRONOUNCEMENTS

Refer to Note 1, Significant Accounting Policies, to the Consolidated Financial Statements in this Form 10-K for a discussion of recent accounting guidance and pronouncements.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

Foreign Exchange Risk Management

The Company enters into derivative financial instruments to hedge the foreign exchange revaluation risk associated with recorded assets and liabilities that are denominated in a non-functional currency. The gains and losses on these derivative transactions offset the gains and losses generated by the revaluation of the underlying non-functional currency balances. The Company primarily uses forward foreign exchange contracts and cross currency basis swaps to hedge these risks.

The Company uses a layered hedging program to hedge select anticipated foreign currency cash flows to reduce volatility in both cash flows and reported earnings of the consolidated Company. The Company accounts for the forward foreign exchange contracts as cash flow hedges.

The Company has numerous investments in foreign subsidiaries. The net assets of these subsidiaries are exposed to volatility in currency exchange rates. Currently, the Company uses both non-derivative financial instruments, including foreign currency denominated debt held at the parent company level, cross currency basis swaps and foreign exchange forward contracts to hedge

some of this exposure. Translation gains and losses related to the net assets of the foreign subsidiaries are offset by gains and losses in the non-derivative and derivative financial instruments designated as hedges of net investment.

At December 31, 2013, a 10% strengthening of the U.S. dollar against all other currencies would improve the net fair value associated with the forward foreign exchange contracts and the cross currency basis swaps by approximately \$81.8 million.

Interest Rate Risk Management

The Company uses interest rate swaps to convert a portion of its variable interest rate debt to fixed interest rate debt and to convert fixed rate debt to variable rate debt. At December 31, 2013, the Company has three groups of significant interest rate swaps. One of the groups of swaps has notional amounts totaling 12.5 billion Japanese yen, and effectively converts the underlying variable interest rates to an average fixed interest rate of 0.2% for a term of three years, ending in September 2014. Another swap has a notional amount of 65.0 million Swiss francs, and effectively converts the underlying variable interest rates to a fixed interest rate of 0.7% for a term of five years, ending in September 2016. Another swap has a notional amount of \$150.0 million to effectively convert the underlying fixed interest rate of 4.1% on a portion of the Company's \$250.0 million Private Placement Notes to variable rate for a term of five years, ending February 2016. The interest rates on variable rate term loan debt and commercial paper are consistent with current market conditions, therefore the fair value of these instruments approximates their carrying values.

At December 31, 2013, an increase of 1.0% in the interest rates on the variable interest rate instruments would increase the Company's interest expense by approximately \$4.7 million.

Commodity Risk Management

The Company selectively enters into commodity swaps to effectively fix certain variable raw material costs. These swaps are used purely to stabilize the cost of components used in the production of certain of the Company's products. The Company generally accounts for the commodity swaps as cash flow hedges. At December 31, 2013, the Company had swaps in place to purchase 1,062 troy ounces of platinum bullion for use in production at an average fixed rate of \$1,452 per troy ounce. In addition, the Company had swaps in place to purchase 79,380 troy ounces of silver bullion for use in production at an average fixed rate of \$24 per troy ounce.

At December 31, 2013, a 10% increase in commodity prices would reduce the fair value liability associated with the commodity swaps by approximately \$0.3 million.

Off Balance Sheet Arrangements

Consignment Arrangements

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

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

At December 31, 2013, the Company had 171,140 troy ounces of precious metal, primarily gold, platinum, palladium and silver on consignment for periods of less than one year with a market value of \$80.8 million. Under the terms of the consignment agreements, the Company also makes compensatory payments to the consignor banks based on a percentage of the value of the

consigned precious metals inventory. At December 31, 2013, the average annual rate charged by the consignor banks was 0.4%. These compensatory payments are considered to be a cost of the metals purchased and are recorded as part of the cost of products sold.

Item 8. Financial Statements and Supplementary Data

The information set forth under the captions “Management’s Report on Internal Control Over Financial Reporting,” “Report of Independent Registered Public Accounting Firm,” “Consolidated Statements of Operations,” “Consolidated Statements of Comprehensive Income,” “Consolidated Balance Sheets,” “Consolidated Statements of Changes in Equity,” “Consolidated Statements of Cash Flows,” and “Notes to Consolidated Financial Statements” is filed, in Item 15 in this Form 10-K. Other information required by Item 8 is included in “Computation of Ratios of Earnings to Fixed Charges” filed as Exhibit 12.1 to this Form 10-K.

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

None.

Item 9A. Controls and Procedures

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

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that it is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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

Management’s report on the Company’s internal control over financial reporting is included under Item 15(a)(1) of this Form 10-K.

(c) Changes in Internal Control Over Financial Reporting

There have been no changes in the Company’s internal controls over financial reporting that occurred during quarter ended December 31, 2013 that have materially affected, or are likely to materially affect, its internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information (i) set forth under the caption “Executive Officers of the Registrant” in Part I of this Form 10-K and (ii) set forth under the captions “Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the 2014 Proxy Statement is incorporated herein by reference.

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to the Chief Executive Officer, Chief Financial Officer and the Board of Directors and substantially all of the Company’s management level employees. A copy of the Code of Business Conduct and Ethics is available in the Investor Relations section of the Company’s website at www.DENTSPLY.com. The Company intends to disclose any amendment to its Code of Business Conduct and Ethics that relates to any element enumerated in Item 406(b) of Regulation S-K, and any waiver from a provision of the Code of Business Conduct and Ethics granted to any director, principal executive officer, principal financial officer, principal accounting officer, or any of the Company’s other executive officers, in the Investor Relations section of the Company’s website at www.DENTSPLY.com, within four business days following the date of such amendment or waiver.

Item 11. Executive Compensation

The information set forth under the caption “Report on Executive Compensation” in the 2014 Proxy Statement is incorporated herein by reference.

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

The information set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance Under Equity Compensation Plans” in the 2014 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required under this item is presented in the 2014 Proxy Statement, which is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information set forth under the caption “Relationship with Independent Registered Public Accounting Firm” in the 2014 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedule

(a) Documents filed as part of this Report

1. Financial Statements

The following consolidated financial statements of the Company are filed as part of this Form 10-K:

Management's Report on Internal Control Over Financial Reporting
Report of Independent Registered Public Accounting Firm
Consolidated Statements of Operations - Years ended December 31, 2013, 2012 and 2011
Consolidated Statements of Comprehensive Income - Years ended December 31, 2013, 2012 and 2011
Consolidated Balance Sheets - December 31, 2013 and 2012
Consolidated Statements of Changes in Equity - Years ended December 31, 2013, 2012 and 2011
Consolidated Statements of Cash Flows - Years ended December 31, 2013, 2012 and 2011
Notes to Consolidated Financial Statements
Quarterly Financial Information (Unaudited)

2. Financial Statement Schedule

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

Schedule II — Valuation and Qualifying Accounts

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

3. Exhibits

The Exhibits listed below are filed or incorporated by reference as part of the Company's Form 10-K.

Exhibit Number	Description
3.1	Restated Certificate of Incorporation (Filed herewith)
3.2	By-Laws, as amended (Filed herewith)
4.1	(a) United States Commercial Paper Issuing and paying Agency Agreement dated as of August 12, 1999 between the Company and the Chase Manhattan Bank (2)
	(b) United States Commercial Paper Dealer Agreement dated as of March 28, 2002 between the Company and Salomon Smith Barney Inc. (6)
	(c) 12.5 Billion Japanese Yen Term Loan Agreement, due March 28, 2012 dated as of July 25, 2008 (9)
	(d) United States Commercial Paper Dealer Agreement dated as of March 28, 2002 between the Company and J.P. Morgan Chase Bank, N.A. (6)
4.4	\$250.0 Million Private Placement Note Purchase Agreement, due February 19, 2016 dated as of October 16, 2009 (10)
4.5	65.0 Million Swiss Franc Term Loan Agreement, due March 1, 2012 dated as of February 24, 2010 (11)
4.6	\$500.0 Million Credit Agreement, dated as of July 27, 2011 final maturity in July 2016, by and among the Company, the subsidiary borrowers party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A. as administrative agent, Morgan Stanley Senior Funding, Inc. as Syndication Agent, Citigroup Global Markets, Inc., Bank of Tokyo-Mitsubishi UFJ, LTD and Wells Fargo Bank, N.A. as co-documentation agents, and Morgan Stanley Senior Funding, Inc. and J.P. Morgan Securities LLC, as Joint Bookrunners and Joint Lead Arrangers. (12)
4.8	Second Amendment to the 65.0 Million Swiss Franc Term Loan Agreement dated August 31, 2011 due September 1, 2016, between the Company, the Lenders, and PNC Bank, National Association, as Agent (12)

- 4.9 12.5 Billion Japanese Yen Term Loan Agreement between the Company and Bank of Tokyo dated September 21, 2011 due September 28, 2014, between the Company, The Bank of Tokyo as Arranger, Development Bank of Japan, Inc. as Co-Arranger, The Bank of Tokyo-Mitsubishi UFJ, Inc. as Agent, and the Bank of Tokyo-Mitsubishi UFJ, LTD, Development Bank of Japan, Inc., The Shinkumi Federation Bank, Mitsui Sumitomo Insurance Company, Limited, and The Chiba Bank, LTD as Lenders. (12)
- 4.10 \$175.0 Million Credit Agreement dated August 26, 2013 among DENTSPLY International Inc., PNC Bank, National Association as Administrative Agent and the Lenders Party thereto (Filed herewith)
- 4.11 Form of Indenture (13)
- 4.12 Supplemental Indenture, dated August 23, 2011 between DENTSPLY International Inc., as Issuer and Wells Fargo, National Association, as Trustee (14)
- 10.1 1998 Stock Option Plan (1)
- 10.2 2002 Amended and Restated Equity Incentive Plan (8)
- 10.3 Restricted Stock Unit Deferral Plan (7)
- 10.4 (a) Trust Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price Trust Company dated as of November 1, 2000 (3)
- (b) Plan Recordkeeping Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price Trust Company dated as of November 1, 2000 (3)
- 10.5 DENTSPLY Supplemental Saving Plan Agreement dated as of December 10, 2007 (8)
- 10.6 Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Bret W. Wise* (8)
- 10.7 Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Christopher T. Clark* (8)
- 10.8 Amended and Restated Employment Agreement entered February 19, 2008 between the Company and William R. Jellison* (8)
- 10.10 Amended and Restated Employment Agreement entered February 19, 2008 between the Company and James G. Mosch* (8)
- 10.11 Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Robert J. Size* (8)
- 10.12 Amended and Restated Employment Agreement entered January 1, 2009 between the Company's subsidiary, DeguDent GMBH and Albert Sterkenburg* (9)
- 10.13 DENTSPLY International Inc. Directors' Deferred Compensation Plan effective January 1, 2007, as amended* (9)
- 10.14 Board Compensation Arrangement* (15)
- 10.15 Supplemental Executive Retirement Plan effective January 1, 1999, as amended January 1, 2008* (9)
- 10.16 Incentive Compensation Plan, amended and restated* (12)
- 10.17 AZ Trade Marks License Agreement, dated January 18, 2001 between AstraZeneca AB and Maillefer Instruments Holdings, S.A. (3)
- 10.18 (a) Precious metal inventory Purchase and Sale Agreement dated November 30, 2001, as amended October 10, 2006 between Bank of Nova Scotia and the Company (7)
- (b) Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between JPMorgan Chase Bank and the Company (4)
- (c) Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between Mitsui & Co., Precious Metals Inc. and the Company (4)
- (e) Precious metal inventory Purchase and Sale Agreement dated January 30, 2002 between CommerzbankAG, Frankfurt, and the Company (8)
- (f) Precious metal inventory Purchase and Sale Agreement dated December 6, 2010, as amended February 8, 2013 between HSBC Bank USA, National Association and the Company (Filed herewith)
- (g) Precious metal inventory Purchase and Sale Agreement dated April 29, 2013 between The Toronto-Dominion Bank and the Company (Filed herewith)
- 10.19 Executive Change in Control Plan for foreign executives, as amended December 31, 2008* (10)
- 10.20 2010 Equity Incentive Plan, amended and restated (12)
- 10.21 Employment Agreement between the Company and Deborah M. Rasin* (12)
- 12.1 Computation of Ratio of Earnings to Fixed Charges (Filed herewith)

21.1	Subsidiaries of the Company (Filed herewith)
23.1	Consent of Independent Registered Public Accounting Firm - PricewaterhouseCoopers LLP
31.1	Section 302 Certification Statement Chief Executive Officer
31.2	Section 302 Certification Statements Chief Financial Officer
32	Section 906 Certification Statement
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan.

- (1) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 dated June 4, 1998 (No. 333-56093).
- (2) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 1999, File No. 0-16211.
- (3) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2000, File No. 0-16211.
- (4) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2001, File No. 0-16211.
- (5) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 dated November 27, 2002 (No. 333-101548).
- (6) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2002, File No. 0-16211.
- (7) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2006, File no. 0-16211.
- (8) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2007, File No. 0-16211.
- (9) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2008, File No. 0-16211.
- (10) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2009, File no. 0-16211.
- (11) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2010, File no. 0-16211.
- (12) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2011, File no. 0-16211.
- (13) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-3 dated August 15, 2011 (No. 333-176307).
- (14) Incorporated by reference to exhibit included in the Company's Form 8-K dated August 29, 2011, File no. 0-16211.
- (15) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2012, File no. 0-16211.

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 and 2011

(in thousands)	Balance at Beginning of Period	Additions		Write-offs Net of Recoveries	Translation Adjustment	Balance at End of Period
		Charged (Credited) To Costs And Expenses	Charged to Other Accounts			
Description						
Allowance for doubtful accounts:						
For Year Ended December 31,						
2011	\$ 8,820	\$ 469	\$ 7,930 (a)	\$ (1,373)	\$ (941)	\$ 14,905
2012	14,905	2,409	115	(3,798)	16	13,647
2013	13,647	2,949	(231)	(2,521)	369	14,213
Inventory valuation reserves:						
For Year Ended December 31,						
2011	\$ 35,469	\$ 3,325	\$ 697 (b)	\$ (3,924)	\$ (463)	\$ 35,104
2012	35,104	2,500	(78)	(4,673)	(292)	32,561
2013	32,561	4,663	(54)	(2,521)	(410)	34,239
Deferred tax asset valuation allowance:						
For Year Ended December 31,						
2011	\$ 93,054	\$ (22,400)	\$ 2,174 (c)	\$ —	\$ (1,070)	\$ 71,758
2012	71,758	107,995	—	—	(54)	179,699
2013	179,699	49,251	—	—	(104)	228,846

(a) Amount includes \$7.8 million allowance for Astra Tech opening balance at August 31, 2011.

(b) Amount includes \$1.1 million reserve for Astra Tech opening balance at August 31, 2011.

(c) Amount related to opening balance sheet valuation allowance for Astra Tech at August 31, 2011.

Management's Report on Internal Control Over Financial Reporting

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

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

Management of the Company has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making its assessment, management used the criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on its assessment management concluded that, as of December 31, 2013, the Company's internal control over financial reporting was effective based on the criteria established in *Internal Control - Integrated Framework (1992)* issued by the COSO.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2013 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears herein.

/s/ Bret W. Wise
Bret W. Wise
Chairman of the Board and
Chief Executive Officer
February 20, 2014

/s/ Christopher T. Clark
Christopher T. Clark
President and
Chief Financial Officer
February 20, 2014

Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of DENTSPLY International Inc. and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2), presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting, appearing under Item 15(a)(1). Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

February 20, 2014

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year Ended December 31,		
	2013	2012	2011
Net sales	\$ 2,950,770	\$ 2,928,429	\$ 2,537,718
Cost of products sold	1,373,358	1,372,042	1,264,278
Gross profit	1,577,412	1,556,387	1,273,440
Selling, general and administrative expenses	1,144,890	1,148,731	936,847
Restructuring and other costs	13,356	25,717	35,865
Operating income	419,166	381,939	300,728
Other income and expenses:			
Interest expense	49,625	56,851	43,814
Interest income	(8,123)	(8,760)	(8,237)
Other expense (income), net	8,329	3,169	9,040
Income before income taxes	369,335	330,679	256,111
Provision for income taxes	52,150	8,920	11,016
Equity in net income (loss) of unconsolidated affiliated company	976	(3,270)	2,351
Net income	318,161	318,489	247,446
Less: Net income attributable to noncontrolling interests	4,969	4,276	2,926
Net income attributable to DENTSPLY International	<u>\$ 313,192</u>	<u>\$ 314,213</u>	<u>\$ 244,520</u>
Earnings per common share:			
Basic	\$ 2.20	\$ 2.22	\$ 1.73
Diluted	\$ 2.16	\$ 2.18	\$ 1.70
Weighted average common shares outstanding:			
Basic	142,663	141,850	141,386
Diluted	144,965	143,945	143,553

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

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2013	2012	2011
Net Income	\$ 318,161	\$ 318,489	\$ 247,446
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	88,931	93,775	(208,009)
Net (loss) gain on derivative financial instruments	(29,725)	(25,752)	9,258
Net unrealized holding (loss) gain on available-for-sale securities	(5,093)	18,338	(11,545)
Pension liability adjustments	23,266	(39,196)	(3,164)
Total other comprehensive income (loss)	77,379	47,165	(213,460)
Total comprehensive income	395,540	365,654	33,986
Less: Comprehensive income attributable to noncontrolling interests	7,210	4,671	2,730
Comprehensive income attributable to DENTSPLY International	\$ 388,330	\$ 360,983	\$ 31,256

The accompanying notes are an integral part of these financial statements

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31,	
	2013	2012
Assets		
Current Assets:		
Cash and cash equivalents	\$ 74,954	\$ 80,132
Accounts and notes receivable-trade, net	472,802	442,412
Inventories, net	438,559	402,940
Prepaid expenses and other current assets	157,487	185,612
Total Current Assets	1,143,802	1,111,096
Property, plant and equipment, net	637,172	614,705
Identifiable intangible assets, net	795,323	830,642
Goodwill, net	2,281,596	2,210,953
Other noncurrent assets, net	220,154	204,901
Total Assets	\$ 5,078,047	\$ 4,972,297
Liabilities and Equity		
Current Liabilities:		
Accounts payable	\$ 132,789	\$ 165,290
Accrued liabilities	339,308	424,336
Income taxes payable	14,446	39,191
Notes payable and current portion of long-term debt	309,862	298,963
Total Current Liabilities	796,405	927,780
Long-term debt	1,166,178	1,222,035
Deferred income taxes	238,394	232,641
Other noncurrent liabilities	299,096	340,398
Total Liabilities	2,500,073	2,722,854
Commitments and contingencies		
Equity:		
Preferred stock, \$.01 par value; .25 million shares authorized; no shares issued	—	—
Common stock, \$.01 par value; 200.0 million shares authorized; 162.8 million shares issued at December 31, 2013 and 2012	1,628	1,628
Capital in excess of par value	255,272	246,548
Retained earnings	3,095,721	2,818,461
Accumulated other comprehensive income (loss)	(69,062)	(144,200)
Treasury stock, at cost, 20.5 million shares at December 31, 2013 and 2012	(748,506)	(713,739)
Total DENTSPLY International Equity	2,535,053	2,208,698
Noncontrolling Interests	42,921	40,745
Total Equity	2,577,974	2,249,443
Total Liabilities and Equity	\$ 5,078,047	\$ 4,972,297

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

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands)

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total DENTSPLY International Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2010	\$ 1,628	\$ 204,902	\$ 2,320,350	\$ 24,156	\$ (711,650)	\$ 1,839,386	\$ 70,526	\$ 1,909,912
Net income	—	—	244,520	—	—	244,520	2,926	247,446
Other comprehensive loss	—	—	—	(213,264)	—	(213,264)	(196)	(213,460)
Acquisition of noncontrolling interest	—	22,782	—	(1,862)	—	20,920	(37,008)	(16,088)
Exercise of stock options	—	(14,677)	—	—	56,952	42,275	—	42,275
Tax benefit from stock options exercised	—	1,039	—	—	—	1,039	—	1,039
Share based compensation expense	—	20,947	—	—	—	20,947	—	20,947
Funding of Employee Stock Option Plan	—	379	—	—	2,595	2,974	—	2,974
Treasury shares purchased	—	—	—	—	(79,500)	(79,500)	—	(79,500)
Dividends from noncontrolling interests	—	—	—	—	—	—	(174)	(174)
RSU distributions	—	(5,872)	—	—	3,626	(2,246)	—	(2,246)
RSU dividends	—	187	(187)	—	—	—	—	—
Cash dividends (\$0.205 per share)	—	—	(28,974)	—	—	(28,974)	—	(28,974)
Balance at December 31, 2011	\$ 1,628	\$ 229,687	\$ 2,535,709	\$ (190,970)	\$ (727,977)	\$ 1,848,077	\$ 36,074	\$ 1,884,151
Net income	—	—	314,213	—	—	314,213	4,276	318,489
Other comprehensive income	—	—	—	46,770	—	46,770	395	47,165
Exercise of stock options	—	(10,482)	—	—	44,665	34,183	—	34,183
Tax benefit from stock options exercised	—	13,009	—	—	—	13,009	—	13,009
Share based compensation expense	—	22,187	—	—	—	22,187	—	22,187
Funding of Employee Stock Option Plan	—	370	—	—	3,271	3,641	—	3,641
Treasury shares purchased	—	—	—	—	(38,837)	(38,837)	—	(38,837)
RSU distributions	—	(8,453)	—	—	5,139	(3,314)	—	(3,314)
RSU dividends	—	230	(230)	—	—	—	—	—
Cash dividends (\$0.220 per share)	—	—	(31,231)	—	—	(31,231)	—	(31,231)
Balance at December 31, 2012	\$ 1,628	\$ 246,548	\$ 2,818,461	\$ (144,200)	\$ (713,739)	\$ 2,208,698	\$ 40,745	\$ 2,249,443
Net income	—	—	313,192	—	—	313,192	4,969	318,161
Other comprehensive income	—	—	—	75,138	—	75,138	2,241	77,379
Acquisition of noncontrolling interest	—	(3,926)	—	—	—	(3,926)	(5,034)	(8,960)
Exercise of stock options	—	(7,317)	—	—	74,230	66,913	—	66,913
Tax benefit from stock options exercised	—	2,406	—	—	—	2,406	—	2,406
Share based compensation expense	—	25,099	—	—	—	25,099	—	25,099
Funding of Employee Stock Option Plan	—	959	—	—	3,698	4,657	—	4,657
Treasury shares purchased	—	—	—	—	(118,024)	(118,024)	—	(118,024)
RSU distributions	—	(8,795)	—	—	5,329	(3,466)	—	(3,466)
RSU dividends	—	298	(298)	—	—	—	—	—
Cash dividends (\$0.250 per share)	—	—	(35,634)	—	—	(35,634)	—	(35,634)
Balance at December 31, 2013	\$ 1,628	\$ 255,272	\$ 3,095,721	\$ (69,062)	\$ (748,506)	\$ 2,535,053	\$ 42,921	\$ 2,577,974

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

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net income	\$ 318,161	\$ 318,489	\$ 247,446
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	81,639	79,456	64,039
Amortization of intangible and other assets	46,264	49,743	20,996
Amortization of deferred financing costs	4,984	7,045	8,023
Deferred income taxes	(29,156)	(65,527)	(88,402)
Share based compensation expense	25,099	22,187	20,947
Restructuring and other costs - non-cash	14,008	20,229	2,460
Stock option income tax benefit	(2,406)	(13,009)	(1,039)
Equity in earnings from unconsolidated affiliates	(976)	3,270	(2,351)
Other non-cash expense (income)	19,760	(15,564)	20,938
Loss on disposal of property, plant and equipment	685	808	570
Changes in operating assets and liabilities, net of acquisitions:			
Accounts and notes receivable-trade, net	(32,532)	(12,591)	1,469
Inventories, net	(25,367)	(36,792)	21,503
Prepaid expenses and other current assets	26,929	(15,126)	(933)
Other noncurrent assets	(1,065)	853	(1,560)
Accounts payable	(36,728)	12,843	10,816
Accrued liabilities	(4,187)	(976)	42,218
Income taxes	(458)	22,105	26,139
Other noncurrent liabilities	13,192	(7,758)	190
Net cash provided by operating activities	417,846	369,685	393,469
Cash flows from investing activities:			
Cash paid for acquisitions of businesses and equity investments	(66,247)	(4,861)	(1,787,516)
Capital expenditures	(100,345)	(92,072)	(71,186)
Purchase of company owned life insurance policies	(1,500)	(1,577)	—
Cash received on derivative contracts	10,784	—	—
Cash paid on derivative contracts	(104,880)	(14,221)	(25,575)
Expenditures for identifiable intangible assets	(1,076)	(3,329)	(3,068)
Liquidations of short-term investments	—	—	6
Proceeds from sale of property, plant and equipment	3,033	1,039	497
Net cash used in investing activities	(260,231)	(115,021)	(1,886,842)
Cash flows from financing activities:			
Proceeds from long-term borrowings, net of deferred financing costs	174,628	—	1,106,514
Payments on long-term borrowings	(251,383)	—	(251,932)
(Decrease) increase in short-term borrowings	57,261	(228,912)	270,209
Proceeds from exercise of stock options	66,913	34,183	42,275
Excess tax benefits from share based compensation	2,406	13,009	1,039
Cash paid for contingent consideration on prior acquisitions	—	(2,519)	(3,023)
Cash paid for acquisition of noncontrolling interests of consolidated subsidiaries	(8,960)	—	(16,088)
Cash paid for treasury stock	(118,024)	(38,837)	(79,500)
Cash dividends paid	(34,874)	(31,425)	(28,632)
Cash received on derivative contracts	7	—	—
Cash paid on derivative contracts	(49,659)	(1,108)	(38,481)
Net cash (used in) provided by financing activities	(161,685)	(255,609)	1,002,381
Effect of exchange rate changes on cash and cash equivalents	(1,108)	3,949	28,082
Net (decrease) increase in cash and cash equivalents	(5,178)	3,004	(462,910)
Cash and cash equivalents at beginning of period	80,132	77,128	540,038

Cash and cash equivalents at end of period	<u>\$ 74,954</u>	<u>\$ 80,132</u>	<u>\$ 77,128</u>
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Supplemental disclosures of cash flow information:

Interest paid, net of amounts capitalized	\$ 50,469	\$ 60,166	\$ 34,048
Income taxes paid	\$ 49,832	\$ 109,544	\$ 58,646

The accompanying notes are an integral part of these financial statement

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Description of Business

DENTSPLY International Inc. (“DENTSPLY” or the “Company”), designs, develops, manufactures and markets a broad range of consumable dental products for the professional dental market. The Company believes that it is the world’s leading manufacturer and distributor of dental prosthetics, endodontic instruments and materials, and ultrasonic scalers; the leading U.S. manufacturer and distributor of denture teeth, dental handpieces, dental x-ray film holders, film mounts and prophylaxis paste; and a leading worldwide manufacturer or distributor of impression materials, orthodontic appliances, dental cutting instruments, dental implants and restorative dental materials, dental sealants, and crown and bridge materials. The Company also manufactures and distributes consumable medical device products consisting mainly of urological catheters and certain surgical products. The Company distributes its products in over 120 countries under some of the most well established brand names in the industry.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“US GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates, and such differences may be material to the consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company. The Company also consolidates all variable interest entities (“VIE”) where the Company has determined that it has the power to direct the activities that most significantly impact the VIE’s economic performance and shares in either the significant risks or rewards of the VIE. The Company continually reassesses its VIE to determine if consolidation is appropriate. All significant intercompany accounts and transactions are eliminated in consolidation.

Investments in nonconsolidated affiliates (20-50 percent owned companies, joint ventures and partnerships as well as less than 20 percent ownership positions where the Company maintains significant influence over the subsidiary) are accounted for using the equity method.

The accompanying audited Consolidated Statements of Operations for the year ended December 31, 2011 include the results of operations for Astra Tech AB (“Astra Tech”) for the period September 1, 2011 to December 31, 2011.

Cash and Cash Equivalents

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

Short-term Investments

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

Accounts and Notes Receivable-Trade

The Company sells dental and certain medical products through a worldwide network of distributors and directly to end users. For customers on credit terms, the Company performs ongoing credit evaluation of those customers’ financial condition and generally does not require collateral from them. The Company establishes allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The Company records a provision for doubtful accounts, which is included in “Selling, general and administrative expenses” in the Consolidated Statements of Operations.

Accounts receivable – trade is stated net of these allowances that were \$14.2 million and \$13.6 million at December 31, 2013 and 2012, respectively. For the years ended December 31, 2013 and 2012, the Company wrote-off \$2.5 million and \$3.8 million, respectively, of accounts receivable that were previously reserved. The Company increased the provision for doubtful accounts by \$2.9 million and \$2.4 million during 2013 and 2012, respectively.

Additionally, notes receivable – trade is stated net of these allowances that were \$0.5 million and \$0.9 million at December 31, 2013 and 2012, respectively. The Company recorded provisions for doubtful accounts on notes receivable – trade of \$0.0 million for 2013 and \$0.1 million for 2012. Additionally, the Company wrote-off \$0.4 million and \$0.2 million in 2013 and 2012, respectively.

Inventories

Inventories are stated at the lower of cost or market. At December 31, 2013 and 2012, the cost of \$6.5 million and \$6.3 million, respectively, of inventory was determined by the last in, first-out (“LIFO”) method. The cost of other inventories was determined by the first-in, first-out (“FIFO”) or average cost methods. The Company establishes reserves for inventory estimated to be obsolete or unmarketable equal to the difference between the cost of inventory and estimated market value based upon assumptions about future demand and market conditions.

If the FIFO method had been used to determine the cost of LIFO inventories, the amounts at which net inventories are stated would be higher than reported at December 31, 2013 and 2012 by \$5.9 million and \$5.9 million, respectively.

Valuation of Goodwill and Other Long-Lived Assets

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

Goodwill

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired and liabilities assumed in a business combination. Goodwill is not amortized. Goodwill is tested for impairment annually, during the Company’s second quarter, or when indications of potential impairment exist. The Company monitors for the existence of potential impairment throughout the year. This impairment assessment includes an evaluation of various reporting units, which is an operating segment or one reporting level below the operating segment. The Company performs impairment tests using a fair value approach. The Company compares the fair value of each reporting unit to its carrying amount to determine if there is potential goodwill impairment. If impairment is identified on goodwill, the resulting charge is determined by recalculating goodwill through a hypothetical purchase price allocation of the fair value and reducing the current carrying value to the extent it exceeds the recalculated goodwill.

The Company’s fair value approach involves using a discounted cash flow model with market-based support as its valuation technique to measure the fair value for its reporting units. The discounted cash flow model uses five-year forecasted cash flows plus a terminal value based on a multiple of earnings. In addition, the Company applies gross profit and operating expense assumptions consistent with its historical trends. The total cash flows were discounted based on market participant data, which included the Company’s weighted-average cost of capital. The Company considered the current market conditions when determining its assumptions. Lastly, the Company reconciled the aggregate fair values of its reporting units to its market capitalization, which included a reasonable control premium based on market conditions. Additional information related to the testing for goodwill impairment is provided in Note 9, Goodwill and Intangible Assets.

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets consist of tradenames and are not subject to amortization. Valuations of identifiable intangibles assets acquired are based on information and assumptions available at the time of acquisition, using income and market model approaches to determine fair value. In-process research and development assets are not subject to amortization until the product associated with the research and development is substantially complete and is a viable product. At that time, the useful life to amortize the intangible asset is determined by identifying the period in which substantially all the cash flows are expected to be generated and the asset is moved to definite-lived.

These assets are reviewed for impairment annually or whenever events or circumstances suggest that the carrying amount of the asset may not be recoverable. The Company uses an income approach, more specifically a relief from royalty method. Significant management judgment is necessary to determine key assumptions, including projected revenue, royalty rates and appropriate discount rates. Royalty rates used are consistent with those assumed for the original purchase accounting valuation. Other assumptions are consistent with those applied to goodwill impairment testing. If the carrying value exceeds the fair value, an impairment loss in the amount equal to the excess is recognized.

Identifiable Definite-Lived Intangible Assets

Identifiable definite-lived intangible assets, which primarily consist of patents, trademarks, brand names, non-compete agreements and licensing agreements, are amortized on a straight-line basis over their estimated useful lives. Valuations of identifiable intangibles assets acquired are based on information and assumptions available at the time of acquisition, using income and market model approaches to determine fair value.

These assets are reviewed for impairment whenever events or circumstances suggest that the carrying amount of the asset may not be recoverable. The Company closely monitors certain intangible assets related to new and existing technologies for indicators of impairment as these assets have more risk of becoming impaired. Impairment is based upon an initial evaluation of the identifiable undiscounted cash flows. If the initial evaluation identifies a potential impairment, a fair value is determined by using a discounted cash flows valuation. If impaired, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Except for leasehold improvements, depreciation for financial reporting purposes is computed by the straight-line method over the following estimated useful lives: buildings - generally 40 years and machinery and equipment - 4 to 15 years. The cost of leasehold improvements is amortized over the shorter of the estimated useful life or the term of the lease. Maintenance and repairs are expensed as incurred to the statement of operations; replacements and major improvements are capitalized. These assets groups are reviewed for impairment whenever events or circumstances suggest that the carrying amount of the asset group may not be recoverable. Impairment is based upon an evaluation of the identifiable undiscounted cash flows. If impaired, the resulting charge reflects the excess of the asset group's carrying cost over its fair value.

Marketable Securities

The Company's marketable securities consist of debt instruments that are classified as available-for-sale in "Other noncurrent assets, net" on the Consolidated Balance Sheets as the instruments mature in December 2015. The Company determined the appropriate classification at the time of purchase and will re-evaluate such designation as of each balance sheet date. In addition, the Company reviews the securities each quarter for indications of possible impairment. Once identified, the determination of whether the impairment is temporary or other-than-temporary requires significant judgment. The primary factors that the Company considers in classifying the impairment include the extent and time the fair value of each investment has been below cost and the existence of a credit loss. If a decline in fair value is judged other-than-temporary, the basis of the securities is written down to fair value and the amount of the write-down is included as a realized loss.

Derivative Financial Instruments

The Company records all derivative instruments on the consolidated balance sheet at fair value and changes in fair value are recorded each period in the consolidated statements of operations or accumulated other comprehensive income ("AOCI").

The Company employs derivative financial instruments to hedge certain anticipated transactions, firm commitments, and assets and liabilities denominated in foreign currencies. Additionally, the Company utilizes interest rate swaps to convert floating

rate debt to fixed rate, fixed rate debt to floating rate, cross currency basis swaps to convert debt denominated in one currency to another currency, and commodity swaps to fix its variable raw materials costs.

Pension and Other Postemployment Benefits

Some of the employees of the Company and its subsidiaries are covered by government or Company-sponsored defined benefit plans. Many of the employees have available to them defined contribution plans. Additionally, certain union and salaried employee groups in the United States are covered by postemployment healthcare plans. Costs for Company-sponsored defined benefit and postemployment benefit plans are based on expected return on plan assets, discount rates, employee compensation increase rates and health care cost trends. Expected return on plan assets, discount rates and health care cost trend assumptions are particularly important when determining the Company's benefit obligations and net periodic benefit costs associated with postemployment benefits. Changes in these assumptions can impact the Company's earnings before income taxes. In determining the cost of postemployment benefits, certain assumptions are established annually to reflect market conditions and plan experience to appropriately reflect the expected costs as actuarially determined. These assumptions include medical inflation trend rates, discount rates, employee turnover and mortality rates. The Company predominantly uses liability durations in establishing its discount rates, which are observed from indices of high-grade corporate bond yields in the respective economic regions of the plans. The expected return on plan assets is the weighted average long-term expected return based upon asset allocations and historic average returns for the markets where the assets are invested, principally in foreign locations. The Company reports the funded status of its defined benefit pension and other postemployment benefit plans on its consolidated balance sheets as a net liability or asset. Additional information related to the impact of changes in these assumptions is provided in Note 15, Benefit Plans.

Accruals for Self-Insured Losses

The Company maintains insurance for certain risks, including workers' compensation, general liability, product liability and vehicle liability, and is self-insured for employee related healthcare benefits. The Company accrues for the expected costs associated with these risks by considering historical claims experience, demographic factors, severity factors and other relevant information. Costs are recognized in the period the claim is incurred, and the financial statement accruals include an estimate of claims incurred but not yet reported. The Company has stop-loss coverage to limit its exposure to any significant exposure on a per claim basis.

Litigation

The Company and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company records liabilities when a loss is probable and can be reasonably estimated. These estimates are typically in the form of ranges, and the Company records the liabilities at the low point of the ranges, when no other point within the ranges are a better estimate of the probable loss. The ranges established by management are based on analysis made by internal and external legal counsel who considers information known at the time. If the Company determines a liability to be only reasonably possible, it considers the same information to estimate the possible exposure and discloses any material potential liability. These loss contingencies are monitored regularly for a change in fact or circumstance that would require an accrual adjustment. The Company believes it has estimated liabilities for probable losses appropriately in the past; however, the unpredictability of litigation and court decisions could cause a liability to be incurred in excess of estimates. Legal costs related to these lawsuits are expensed as incurred.

Foreign Currency Translation

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

Assets and liabilities of foreign subsidiaries are translated at foreign exchange rates on the balance sheet date; revenue and expenses are translated at the average year-to-date foreign exchange rates. The effects of these translation adjustments are reported in Equity within AOCI of the consolidated balance sheets. During the year ended December 31, 2013, the Company had gains of \$14.5 million on its loans designated as hedges of net investments and translation gains of \$72.2 million. During the year ended December 31, 2012, the Company had gains of \$10.1 million on its loans designated as hedges of net investments and translation gains of \$83.3 million.

Foreign exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved and remeasurement adjustments in countries with highly inflationary economies are included in income. Net foreign exchange transaction losses of \$9.0 million, \$2.7 million and \$1.7 million in 2013, 2012, and 2011, respectively, are included in "Other expense (income), net" on the Consolidated Statements of Operations.

Revenue Recognition

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

Certain of the Company's customers are offered cash rebates based on targeted sales increases. Estimates of rebates are based on the forecasted performance of the customer and their expected level of achievement within the rebate programs. In accounting for these rebate programs, the Company records an accrual as a reduction of net sales as sales take place over the period the rebate is earned. The Company revises the accruals for these rebate programs as actual results and revised forecasts impact the estimated achievement for customers within the rebate programs.

A portion of the Company's net sales is comprised of sales of precious metals generated through its precious metal dental alloy product offerings. As the precious metal content of the Company's sales is largely a pass-through to customers, the Company uses its cost of precious metal purchased as a proxy for the precious metal content of sales, as the precious metal content of sales is not separately tracked and invoiced to customers. The Company believes that it is reasonable to use the cost of precious metal content purchased in this manner since precious metal alloy sale prices are typically adjusted when the prices of underlying precious metals change. The precious metals content of sales was \$179.1 million, \$213.7 million and \$205.1 million for 2013, 2012 and 2011, respectively.

Cost of Products Sold

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

Warranties

The Company provides warranties on certain equipment products. Estimated warranty costs are accrued when sales are made to customers. Estimates for warranty costs are based primarily on historical warranty claim experience. Warranty costs are included in "Cost of products sold" in the Consolidated Statements of Operations.

Selling, General and Administrative Expenses

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

Research and Development Costs

Research and development ("R&D") costs relate primarily to internal costs for salaries and direct overhead expenses. In addition, the Company contracts with outside vendors to conduct R&D activities. All such R&D costs are charged to expense when incurred. The Company capitalizes the costs of equipment that have general R&D uses and expenses such equipment that is solely for specific R&D projects. The depreciation expense related to this capitalized equipment is included in the Company's R&D costs. R&D costs are included in "Selling, general and administrative expenses" in the Consolidated Statements of Operations and amounted to \$85.1 million, \$85.4 million and \$66.7 million for 2013, 2012 and 2011, respectively.

Stock Compensation

The Company recognizes the compensation cost relating to share-based payment transactions in the financial statements. The cost of share-based payment transactions is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity awards). The compensation cost is only recognized for the portion of the awards that are expected to vest.

Income Taxes

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

The Company applies a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position.

Earnings Per Share

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

Business Acquisitions

The Company acquires businesses as well as partial interests in businesses. Acquired businesses are accounted for using the acquisition method of accounting which requires the Company to record assets acquired and liabilities assumed at their respective fair values with the excess of the purchase price over estimated fair values recorded as goodwill. The assumptions made in determining the fair value of acquired assets and assumed liabilities as well as asset lives can materially impact the results of operations.

The Company obtains information during due diligence and through other sources to establish respective fair values. Examples of factors and information that the Company uses to determine the fair values include: tangible and intangible asset evaluations and appraisals; evaluations of existing contingencies and liabilities and product line information. If the initial valuation for an acquisition is incomplete by the end of the quarter in which the acquisition occurred, the Company will record a provisional estimate in the financial statements. The provisional estimate will be finalized as soon as information becomes available but will only occur up to one year from the acquisition date.

Equity Method Investments

Investments in partnerships, joint ventures and less-than-majority-owned subsidiaries in which the Company has significant influence are accounted for under the equity method.

Equity investments are carried at original cost adjusted for the proportionate share of the investees' income, losses and distributions. The Company assesses the carrying value of its equity investments when an indicator of a loss in value is present and records a loss in value of the investment when the assessment indicates that an other-than-temporary decline in the investment exists.

The Company classifies its equity in net earnings of unconsolidated affiliates in the Consolidated Statements of Operations under the title of "Equity in net income (loss) of unconsolidated affiliated company."

Noncontrolling Interests

The Company reports noncontrolling interest ("NCI") in a subsidiary as a separate component of Equity in the Consolidated Balance Sheets. Additionally, the Company reports the portion of net income and comprehensive income (loss) attributed to the Company and NCI separately in the Consolidated Statements of Operations. The Company also includes a separate column for NCI in the Consolidated Statements of Changes in Equity.

Variable Interest Entities

The Company consolidates all VIE where the Company has determined that it has the power to direct the activities that most significantly impact the VIE's economic performance and shares in either the significant risks or rewards of the VIE. The Company continually reassesses VIE to determine if consolidation is appropriate. The Company continues to believe that it is the primary beneficiary of one entity under this accounting guidance.

Segment Reporting

The Company has numerous operating businesses covering a wide range of products and geographic regions, primarily serving the professional dental market and to a lesser extent the consumable medical device market. Professional dental products represented approximately 88%, 89%, and 93% of sales in 2013, 2012 and 2011, respectively. The Company has four reportable segments and a description of the activities of these segments is included in Note 5, Segment and Geographic Information.

During the year ended December 31, 2013, the Company realigned certain implant and implant related businesses as a result of changes to the business structure. These changes also helped the Company gain operating efficiencies and effectiveness. The segment information reflects the revised structure for all periods shown.

Fair Value Measurement

Recurring Basis

The Company records certain financial assets and liabilities at fair value in accordance with the accounting guidance, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The accounting guidance establishes a hierarchal disclosure framework associated with the level of pricing observability utilized in measuring financial instruments at fair value. The three broad levels defined by the fair value hierarchy are as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable reported date. The nature of these financial instruments include, derivative instruments whose fair value have been derived using a model where inputs to the model are directly observable in the market, or can be derived principally from, or corroborated by observable market data.

Level 3 - Instruments that have little to no pricing observability as of the reported date. These financial instruments do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

The degree of judgment utilized in measuring the fair value of certain financial assets and liabilities generally correlates to the level of pricing observability. Pricing observability is impacted by a number of factors, including the type of financial instrument. Financial assets and liabilities with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of pricing observability and a lesser degree of judgment utilized in measuring fair value. Conversely, financial assets and liabilities rarely traded or not quoted will generally have less, or no pricing observability and a higher degree of judgment utilized in measuring fair value.

The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Company considers its credit risks and its counterparties' credit risks when determining the fair values of its financial assets and liabilities. The Company has presented the required disclosures in Note 18, Fair Value Measurement.

Non-Recurring Basis

When events or circumstances require an asset or liability to be fair valued that otherwise is generally recorded based on another valuation method, such as, net realizable value, the Company will utilize the valuation techniques described above.

Reclassification of Prior Year Amounts

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

New Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." The standard requires entities to disclose both gross and net information about instruments and transactions that are offset in the Consolidated Balance Sheet, as well as instruments and transactions that are subject to an enforceable master netting agreement or similar agreement. In January 2013, The FASB issued ASU No. 2013-01, "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." The standard clarifies the scope of the disclosure to apply only to derivatives, including bifurcated embedded derivatives, repurchase and reverse repurchase agreements as well as securities lending and borrowing transactions. The standard was effective January 1, 2013, with retrospective application required. The adoption of this standard did not have a material impact to the Company's financial statements. The Company adopted this accounting standard during the quarter ended March 31, 2013.

In July 2012, the FASB issued ASU No. 2012-02, "Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment." This newly issued accounting standard is intended to reduce the cost and complexity of the annual indefinite-lived intangible asset impairment test by providing entities an option to perform a qualitative assessment to determine whether further impairment testing is necessary. Under the revised standard, an entity has the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step impairment test. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that an indefinite-lived intangible asset is less than its carrying amount, the quantitative impairment test is required; otherwise, no further testing is required. Prior to the issuance of the revised standard, an entity was required to perform step one of the impairment test at least annually by calculating and comparing the fair value of an indefinite-lived intangible asset to its carrying amount. Under the revised standard, if an entity determines that step one is necessary and the indefinite-lived intangible asset is less than its carrying amount, then step two of the test will continue to be required to measure the amount of the impairment loss, if any. This ASU is effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this standard did not materially impact the Company's financial position or results of operations. The Company adopted this accounting standard during the quarter ended March 31, 2013.

In February 2013, the FASB issued ASU No. 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." This newly issued accounting standard requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income in its entirety in the same period. For other amounts not required to be reclassified to net income in the same reporting period, a cross reference to other disclosures that provide additional detail about the reclassification amounts is required. Since the standard only impacts the disclosure requirements of AOCI and does not impact the accounting for accumulated comprehensive income, the standard did not have an impact on the Company's consolidated financial statements. The Company adopted this accounting standard during the quarter ended March 31, 2013.

In March 2013, the FASB issued ASU No. 2013-05, "Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." This newly issued accounting standard requires a cumulative translation adjustment ("CTA") attached to the parent's investment in a foreign entity should be released in a manner consistent with the derecognition guidance on investment entities. Thus the entire amount of CTA associated with the foreign entity would be released when there has been a sale of a subsidiary or group of net assets within a foreign entity and the sale represents a complete liquidation of the investment in the foreign entity, a loss of a controlling financial interest in an investment in a foreign entity, or step acquisition for a foreign entity. The adoption of this standard is not expected to materially impact the Company's financial position or results of operations. The Company expects to adopt this accounting standard for the quarter ending March 31, 2014.

In July 2013, the FASB issued ASU No. 2013-11, "Income Taxes (Topic 740): Presentation of a Unrecognized Tax Benefit when a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." The newly issued accounting standard requires the netting of unrecognized tax benefits against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax positions. Under the new standard, unrecognized tax benefits will be netted against all available same-jurisdiction losses or other tax carryforwards that would be utilized, rather than only against carryforwards that are created by the unrecognized tax benefit. The adoption of this standard is not expected to materially impact the Company's financial position or results of operations. The Company expects to adopt this accounting standard for the quarter ending March 31, 2014.

NOTE 2 - EARNINGS PER COMMON SHARE

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

(in thousands, except for per share amounts)	Net income attributable to DENTSPLY International	Shares	Earnings per common share
Year Ended December 31, 2013			
Basic	\$ 313,192	142,663	\$ 2.20
Incremental shares from assumed exercise of dilutive options		<u>2,302</u>	
Diluted	\$ 313,192	<u>144,965</u>	\$ 2.16
Year Ended December 31, 2012			
Basic	\$ 314,213	141,850	\$ 2.22
Incremental shares from assumed exercise of dilutive options		<u>2,095</u>	
Diluted	\$ 314,213	<u>143,945</u>	\$ 2.18
Year Ended December 31, 2011			
Basic	\$ 244,520	141,386	\$ 1.73
Incremental shares from assumed exercise of dilutive options		<u>2,167</u>	
Diluted	\$ 244,520	<u>143,553</u>	\$ 1.70

Options to purchase 2.3 million, 4.1 million and 3.2 million shares of common stock that were outstanding during the years ended 2013, 2012 and 2011, respectively, were not included in the computation of diluted earnings per common share since the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

NOTE 3 - COMPREHENSIVE INCOME

AOCI includes foreign currency translation adjustments related to the Company's foreign subsidiaries, net of the related changes in certain financial instruments hedging these foreign currency investments. In addition, changes in the Company's fair value of certain derivative financial instruments, net unrealized holding gain on available-for-sale securities and pension liability adjustments and prior service costs, net are recorded in AOCI. These changes are recorded in AOCI net of any related tax adjustments. For the years ended December 31, 2013, 2012 and 2011, these tax adjustments were \$205.1 million, \$185.6 million and \$167.5 million, respectively, primarily related to foreign currency translation adjustments.

The cumulative foreign currency translation adjustments included translation gains of \$249.9 million and \$177.7 million at December 31, 2013 and 2012, respectively, and were offset by losses of \$108.9 million and \$123.4 million, respectively, on loans designated as hedges of net investments.

Changes in AOCI, net of tax, by component for the years ended December 31, 2013, 2012 and 2011:

(in thousands)	Foreign Currency Translation Adjustments	Gains and (Loss) on Derivative Financial Instruments	Net Unrealized Holding Gain (Loss) on Available-for- Sale Securities	Pension Liability Adjustments	Total
Balance at December 31, 2012	\$ 54,302	\$ (143,142)	\$ 17,822	\$ (73,182)	\$ (144,200)
Other comprehensive income (loss) before reclassifications	86,690	(31,687)	(5,093)	19,478	69,388
Amounts reclassified from accumulated other comprehensive income (loss)	—	1,962	—	3,788	5,750
Net increase (decrease) in other comprehensive income	86,690	(29,725)	(5,093)	23,266	75,138
Balance at December 31, 2013	\$ 140,992	\$ (172,867)	\$ 12,729	\$ (49,916)	\$ (69,062)

(in thousands)	Foreign Currency Translation Adjustments	Gains and (Loss) on Derivative Financial Instruments	Net Unrealized Holding Gain (Loss) on Available-for- Sale Securities	Pension Liability Adjustments	Total
Balance at December 31, 2011	\$ (39,078)	\$ (117,390)	\$ (516)	\$ (33,986)	\$ (190,970)
Other comprehensive income (loss) before reclassifications	93,380	(20,903)	18,338	(40,474)	50,341
Amounts reclassified from accumulated other comprehensive income (loss)	—	(4,849)	—	1,278	(3,571)
Net increase (decrease) in other comprehensive income	93,380	(25,752)	18,338	(39,196)	46,770
Balance at December 31, 2012	\$ 54,302	\$ (143,142)	\$ 17,822	\$ (73,182)	\$ (144,200)

(in thousands)

Details about AOCI Components	Amounts Reclassified from AOCI			Affected Line Item in the Statements of Operations
	Year Ended December, 31			
	2013	2012	2011	
Gains and (loss) on derivative financial instruments:				
Interest rate swaps	\$ (3,681)	\$ (3,611)	\$ (4,903)	Interest expense
Foreign exchange forward contracts	1,184	8,029	1,503	Cost of products sold
Foreign exchange forward contracts	(147)	779	39	SG&A expenses
Commodity contracts	(288)	136	273	Cost of products sold
	(2,932)	5,333	(3,088)	Net (loss) gain before tax
	970	(484)	644	Tax benefit (expense)
	\$ (1,962)	\$ 4,849	\$ (2,444)	Net of tax
Amortization of defined benefit pension and other postemployment benefit items:				
Amortization of prior service benefits	\$ 141	\$ 138	\$ 80	(a)
Amortization of net actuarial losses	(5,532)	(1,956)	(1,773)	(a)
	(5,391)	(1,818)	(1,693)	Net loss before tax
	1,603	540	526	Tax benefit
	\$ (3,788)	\$ (1,278)	\$ (1,167)	Net of tax
Total reclassifications for the period	\$ (5,750)	\$ 3,571	\$ (3,611)	

(a) These accumulated other comprehensive income components are included in the computation of net periodic benefit cost for the years ended December 31, 2013, 2012, and 2011, respectively (see Note 15, Benefit Plans, for additional details).

NOTE 4 - BUSINESS ACQUISITIONS AND INVESTMENTS IN AFFILIATES

Business Acquisitions

2013 Acquisitions

In November 2013, the Company purchased a Hong Kong-based direct dental selling organization and certain assets of a professional dental consumable New Zealand-based manufacturer. Total purchase price related to these two acquisitions was \$62.3 million subject to final purchase price adjustments. At December 31, 2013, the Company recorded a preliminary estimate of \$52.9 million in goodwill related to the difference between the fair value of assets acquired and liabilities assumed and the consideration given for the acquisitions. The results of operations for these business have been included in the accompanying financial statements as of the effective date of the respective transactions. The purchase prices have been assigned on the basis of preliminary estimates of the fair values of assets acquired and liabilities assumed. These transactions were immaterial to the Company's net sales and net income attributable to DENTSPLY. The Company expects to finalize the fair value of identifiable assets and liabilities assumed during 2014.

Additionally during the year, the Company paid \$9.0 million to purchase the remaining outstanding shares of a consolidated subsidiary. As a result of the transaction, the Company recorded a decrease in noncontrolling interest of \$5.0 million and a reduction to additional paid in capital of \$3.9 million for the excess of the purchase price above the carrying value of the noncontrolling interest.

2012 Acquisitions

The acquisition related activity for the year ended December 31, 2012 was \$7.4 million, which was related to one acquisition and one earn-out payment for a prior period acquisition. The results of operations for this acquisition have been included in the

accompanying financial statements as of the effective date of the respective transactions. This transaction was immaterial to the Company's net sales and net income attributable to DENTSPLY.

2011 Acquisition of Astra Tech

On August 31, 2011, the Company acquired 100% of the outstanding common shares of Astra Tech using the available cash on hand and debt financing. Astra Tech is a leading developer, manufacturer and marketer of dental implants, customized implant abutments and consumable medical devices in the urology and surgery market segments. The Astra Tech acquisition was recorded in accordance with the business combinations provisions of US GAAP.

Astra Tech contributed net sales of \$207.1 million and an operating loss of \$18.5 million to the Company's consolidated statements of operations during the period from September 1, 2011 to December 31, 2011 and is included in the Implants/Endodontics/Healthcare/Pacific Rim segment.

The following unaudited pro forma financial information reflects the consolidated results of operations of the Company had the Astra Tech acquisition occurred on January 1, 2011. These amounts were calculated after conversion to US GAAP, applying the Company's accounting policies and adjusting Astra Tech's results to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment, inventory and intangible assets had been applied from January 1, 2011, together with the consequential tax effects at the statutory rate. These adjustments also reflect the additional interest expense incurred on the debt to finance the acquisition.

(in thousands, except per share data)

	Year Ended December 31, 2011
Net Sales	\$ 2,918,347
Net income attributable to DENTSPLY	250,363
Diluted earnings per common share	\$ 1.74

The pro forma financial information is based on the Company's final assignment of purchase price of the fair value of identifiable assets acquired and liabilities assumed. The Astra Tech financial information has been compiled in a manner consistent with the accounting policies adopted by DENTSPLY. Pro forma results do not include any anticipated synergies or other anticipated benefits of the acquisition. Accordingly, the unaudited pro forma financial information is not necessarily indicative of either future results of operations or results that might have been achieved had the acquisition occurred on January 1, 2011.

Investment in Affiliates

On December 9, 2010, the Company purchased an initial ownership interest of 17% of the outstanding shares of DIO Corporation ("DIO"). The Company accounts for the ownership in DIO under the equity method of accounting as it has significant influence over DIO. In addition, on December 9, 2010, the Company invested \$49.7 million in the corporate convertible bonds of DIO, which may be converted into common shares at any time. The contractual maturity of the bonds are in December 2015. The bonds are designated by the Company as available-for-sale securities which are reported in, "Other noncurrent assets, net," on the Consolidated Balance Sheets and the changes in fair value are reported in AOCI. The convertible feature of the bonds has not been bifurcated from the underlying bonds as the feature does not contain a net-settlement feature, nor would the Company be able to achieve a hypothetical net-settlement that would substantially place the Company in a comparable cash settlement position. As such, the derivative is not accounted for separately from the bonds. The cash paid by the Company is equal to the face value of the bonds issued by DIO, and therefore, the Company has not recorded any bond premium or discount on acquiring the bonds. The fair value of the DIO bonds was \$70.0 million and \$75.1 million at December 31, 2013 and 2012, respectively. For the year ended December 31, 2013, an unrealized holding loss of \$5.1 million on available-for-sale securities, net of tax, had been recorded in AOCI. For the years ended December 31, 2012 and 2011, an unrealized holding gain of \$18.3 million and an unrealized holding loss of \$11.5 million, respectively, were recorded on available-for-sale securities, net of tax, in AOCI.

NOTE 5 - SEGMENT AND GEOGRAPHIC INFORMATION

The businesses are combined into operating groups, which have overlapping product offerings, geographical presence, customer bases, distribution channels and regulatory oversight. These operating groups are considered the Company's reportable segments as the Company's chief operating decision-maker regularly reviews financial results at the operating group level and uses this information to manage the Company's operations. The accounting policies of the segments are consistent with those

described for the consolidated financial statements in the summary of significant accounting policies (see Note 1, Significant Accounting Policies). The Company measures segment income for reporting purposes as net operating income before restructuring, impairments, and other costs, interest and taxes. Additionally, the operating groups are measured on net third party sales, excluding precious metal content. A description of the products and services provided within each of the Company's four reportable segments is provided below.

During the year ended December 31, 2013, the Company realigned certain implant and implant related businesses as result of changes to the business structure. These changes also helped the Company gain operating efficiencies and effectiveness. The segment information below reflects the revised structure for all periods shown.

Dental Consumable and Laboratory Businesses

This segment includes responsibility for the design, manufacturing, sales and distribution of certain small equipment and chairside consumable products in the United States, Germany and certain other European regions. It also has responsibility for the sales and distribution of certain Endodontic products in Germany. This segment also includes the responsibility for the design, manufacture, sales and distribution of most dental laboratory products, excluding certain countries. This segment is also responsible for most of the Company's non-dental business excluding medical products.

Orthodontics/Canada/Mexico/Japan

This segment is responsible for the world-wide manufacturing, sales and distribution of the Company's Orthodontic products. It also has responsibility for the sales and distribution of most of the Company's dental products sold in Japan, Canada and Mexico.

Select Distribution Businesses

This segment includes responsibility for the sales and distribution for most of the Company's dental products sold in France, United Kingdom, Italy, Austria and certain other European countries, Middle Eastern countries, India and Africa. Operating margins of the segment are reflective of the intercompany transfer price of products manufactured by other operating segments.

Implants/Endodontics/Healthcare/Pacific Rim

This segment includes the responsibility for the design, manufacture, sales and distribution of most of the Company's dental implant and related products. This segment also includes the responsibility for the design and manufacturing of Endodontic products and is responsible for the sales and distribution of the Company's Endodontic products in the United States, Switzerland, and locations not covered by other selling divisions. In addition, this business group is also responsible for sales and distribution of certain Endodontic products in Germany, Asia and other parts of the world. Additionally, this segment is responsible for the design and manufacture of certain dental consumables and dental laboratory products and the sales and distribution of most dental products sold in Brazil, Latin America (excluding Mexico), Australia and most of Asia (excluding India and Japan). This segment is also responsible for the world-wide design, manufacturing, sales and distribution of the Company's medical products (non-dental) throughout most of the world.

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

Generally, the Company evaluates performance of the segments based on the groups' operating income, excluding restructuring and other costs, and net third party sales, excluding precious metal content.

The following table sets forth information about the Company's segments for the years ended December 31, 2013, 2012 and 2011.

Third Party Net Sales

(in thousands)	2013	2012	2011
Dental Consumable and Laboratory Businesses	\$ 991,694	\$ 993,624	\$ 992,406
Orthodontics/Canada/Mexico/Japan	307,160	320,614	309,143
Select Distribution Businesses	267,949	252,632	253,421
Implants/Endodontics/Healthcare/Pacific Rim	1,388,152	1,365,231	987,778
All Other (a)	(4,185)	(3,672)	(5,030)
Total net sales	\$ 2,950,770	\$ 2,928,429	\$ 2,537,718

(a) Includes amounts recorded at Corporate headquarters.

Third Party Net Sales, Excluding Precious Metal Content

(in thousands)	2013	2012	2011
Dental Consumable and Laboratory Businesses	\$ 842,736	\$ 816,281	\$ 824,341
Orthodontics/Canada/Mexico/Japan	278,994	286,680	276,228
Select Distribution Businesses	267,300	252,064	252,539
Implants/Endodontics/Healthcare/Pacific Rim	1,386,883	1,363,344	984,509
All Other (b)	(4,185)	(3,671)	(5,030)
Total net sales, excluding precious metal content	\$ 2,771,728	\$ 2,714,698	\$ 2,332,587
Precious metal content of sales	179,042	213,731	205,131
Total net sales, including precious metal content	\$ 2,950,770	\$ 2,928,429	\$ 2,537,718

(b) Includes amounts recorded at Corporate headquarters.

Intersegment Net Sales

(in thousands)	2013	2012	2011
Dental Consumable and Laboratory Businesses	\$ 172,827	\$ 173,194	\$ 167,621
Orthodontics/Canada/Mexico/Japan	3,913	4,000	4,065
Select Distribution Businesses	2,129	1,534	1,549
Implants/Endodontics/Healthcare/Pacific Rim	143,455	139,460	158,724
All Other (c)	243,127	221,867	211,658
Eliminations	(565,451)	(540,055)	(543,617)
Total	\$ —	\$ —	\$ —

(c) Includes amounts recorded at Corporate headquarters and one distribution warehouse not managed by named segments.

Depreciation and Amortization

(in thousands)	2013	2012	2011
Dental Consumable and Laboratory Businesses	\$ 31,137	\$ 33,855	\$ 34,575
Orthodontics/Canada/Mexico/Japan	3,716	4,959	4,432
Select Distribution Businesses	931	964	875
Implants/Endodontics/Healthcare/Pacific Rim	90,175	86,900	42,546
All Other (d)	1,944	2,521	2,607
Total	\$ 127,903	\$ 129,199	\$ 85,035

(d) Includes amounts recorded at Corporate headquarters.

Segment Operating Income (Loss)

(in thousands)

	2013	2012	2011
Dental Consumable and Laboratory Businesses	\$ 229,566	\$ 223,702	\$ 209,353
Orthodontics/Canada/Mexico/Japan	13,946	14,104	12,998
Select Distribution Businesses	(1,005)	(4,191)	(1,358)
Implants/Endodontics/Healthcare/Pacific Rim	295,419	292,991	218,396
All Other (e)	(105,404)	(118,950)	(102,796)
Segment Operating Income	\$ 432,522	\$ 407,656	\$ 336,593
Reconciling Items:			
Restructuring and other costs	13,356	25,717	35,865
Interest expense	49,625	56,851	43,814
Interest income	(8,123)	(8,760)	(8,237)
Other expense (income), net	8,329	3,169	9,040
Income before income taxes	\$ 369,335	\$ 330,679	\$ 256,111

(e) Includes results of Corporate headquarters, inter-segment eliminations and one distribution warehouse not managed by named segments. Amount recorded in 2011 includes \$31.9 million of Astra Tech acquisition costs.

Capital Expenditures

(in thousands)

	2013	2012	2011
Dental Consumable and Laboratory Businesses	\$ 21,122	\$ 18,957	\$ 20,693
Orthodontics/Canada/Mexico/Japan	14,423	9,071	7,494
Select Distribution Businesses	1,377	657	1,123
Implants/Endodontics/Healthcare/Pacific Rim	58,104	58,372	32,958
All Other (f)	5,319	5,015	8,918
Total	\$ 100,345	\$ 92,072	\$ 71,186

(f) Includes capital expenditures of Corporate headquarters.

Assets

(in thousands)

	2013	2012
Dental Consumable and Laboratory Businesses	\$ 961,989	\$ 1,007,307
Orthodontics/Canada/Mexico/Japan	308,393	294,348
Select Distribution Businesses	166,679	192,684
Implants/Endodontics/Healthcare/Pacific Rim	3,450,670	3,195,382
All Other (g)	190,316	282,576
Total	\$ 5,078,047	\$ 4,972,297

(g) Includes assets of Corporate headquarters, inter-segment eliminations and one distribution warehouse not managed by named segments.

Geographic Information

The following table sets forth information about the Company's operations in different geographic areas for the years ended December 31, 2013, 2012 and 2011. Net sales reported below represent revenues for shipments made by operating businesses located in the country or territory identified, including export sales. Property, plant and equipment, net, represents those long-lived assets held by the operating businesses located in the respective geographic areas.

(in thousands)	United States	Germany	Sweden	Other Foreign	Consolidated
2013					
Net sales	\$ 1,011,646	\$ 559,109	\$ 57,504	\$ 1,322,511	\$ 2,950,770
Property, plant and equipment, net	158,673	129,685	134,083	214,731	637,172
2012					
Net sales	\$ 993,980	\$ 546,092	\$ 54,507	\$ 1,333,850	\$ 2,928,429
Property, plant and equipment, net	148,950	122,310	133,502	209,943	614,705
2011					
Net sales	\$ 875,471	\$ 515,819	\$ 20,383	\$ 1,126,045	\$ 2,537,718
Property, plant and equipment, net	137,871	118,229	150,167	185,178	591,445

Product and Customer Information

The following table presents net sales information by product category:

(in thousands)	December 31,		
	2013	2012	2011
Dental consumables products	\$ 777,935	\$ 768,098	\$ 766,385
Dental laboratory products	472,080	511,850	515,491
Dental specialty products	1,347,417	1,313,035	1,087,551
Consumable medical device products	353,338	335,446	168,291
Total net sales	\$ 2,950,770	\$ 2,928,429	\$ 2,537,718

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

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

Dental specialty products are specialized treatment products used within the dental office and laboratory settings. DENTSPLY's products in this category include endodontic (root canal) instruments and materials, implants and related products, bone grafting material, 3D digital scanning and treatment planning software, dental lasers and orthodontic appliances and accessories.

Consumable medical device products consist mainly of urology catheters, certain surgical products, medical drills and other non-medical products.

Both in 2013 and 2012, the Company did not have any single customer that represented ten percent or more of DENTSPLY's consolidated net sales. In 2011, one customer, Henry Schein Incorporated, accounted for 11% of DENTSPLY's consolidated net sales. Third party export sales from the U.S. are less than ten percent of consolidated net sales.

NOTE 6 - OTHER EXPENSE (INCOME), NET

Other expense (income), net, consists of the following:

(in thousands)	December 31,		
	2013	2012	2011
Foreign exchange transaction losses	\$ 8,982	\$ 2,679	\$ 1,713
Other (income) expense, net	(653)	490	7,327
Total other expense (income), net	\$ 8,329	\$ 3,169	\$ 9,040

Foreign exchange transaction losses for the year ending December 31, 2013 and 2012, included approximately \$6.9 million of interest and fair value adjustments and \$1.3 million of interest on non-designated hedges, respectively. Other expense (income), net in the 2011 period included approximately \$2.9 million of interest rate swap terminations, \$3.8 million of Treasury rate lock ineffectiveness, and \$0.6 million of other non-operating expenses.

NOTE 7 - INVENTORIES, NET

Inventories, net, consist of the following:

(in thousands)	December 31,	
	2013	2012
Finished goods	\$ 285,271	\$ 248,870
Work-in-process	67,718	72,533
Raw materials and supplies	85,570	81,537
Inventories, net	\$ 438,559	\$ 402,940

The Company's inventory valuation reserve was \$34.2 million and \$32.6 million at December 31, 2013 and 2012, respectively.

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, consist of the following:

(in thousands)	December 31,	
	2013	2012
Assets, at cost:		
Land	\$ 47,616	\$ 45,561
Buildings and improvements	427,826	409,451
Machinery and equipment	907,541	848,331
Construction in progress	59,583	50,647
	1,442,566	1,353,990
Less: Accumulated depreciation	805,394	739,285
Property, plant and equipment, net	\$ 637,172	\$ 614,705

NOTE 9 - GOODWILL AND INTANGIBLE ASSETS

The Company performed the required annual impairment tests of goodwill at April 30, 2013 on thirteen reporting units. To determine the fair value of the Company's reporting units, the Company uses a discounted cash flow model with market-based support as its valuation technique to measure the fair value for its reporting units. The discounted cash flow model uses five-year forecasted cash flows plus a terminal value based on a multiple of earnings. In addition, the Company applies gross margin and operating expense assumptions consistent with historical trends. The total cash flows were discounted based on a range between 8.4% to 11.5%, which included assumptions regarding the Company's weighted-average cost of capital. The Company considered the current market conditions both in the U.S. and globally, when determining its assumptions. Lastly, the Company reconciled

the aggregated fair values of its reporting units to its market capitalization, which included a reasonable control premium based on market conditions. As a result of the annual impairment tests of goodwill, no impairment was identified.

Impairments of identifiable definite-lived and indefinite-lived intangible assets for the years ended December 31, 2013, 2012 and 2011 were \$2.0 million, \$5.2 million and \$1.5 million, respectively, and are included in "Restructuring and other costs" on the Consolidated Statements of Operations.

A reconciliation of changes in the Company's goodwill by segment and in total are as follows:

(in thousands)	Dental Consumable and Laboratory Businesses	Orthodontics/Canada/Mexico/Japan	Select Distribution Businesses	Implants/Endodontics/Healthcare/Pacific Rim	Total
Balance at December 31, 2012	\$ 488,206	\$ 102,065	\$ 92,473	\$ 1,528,209	\$ 2,210,953
Acquisition activity	42,998	—	—	9,901	52,899
Business unit transfers	(111,766)	(4,365)	(29,510)	145,641	—
Additional consideration for post closing adjustments	—	—	—	610	610
Effect of exchange rate changes	1,844	(2,531)	3,571	14,250	17,134
Balance, at December 31, 2013	\$ 421,282	\$ 95,169	\$ 66,534	\$ 1,698,611	\$ 2,281,596

During 2013, the Company transferred goodwill from other reporting units to the Implants/Endodontics/Healthcare/Pacific Rim segment due to changes in reporting units resulting from the integration of the implant businesses. Affected reporting units were tested for potential impairment of goodwill before and after the transfers. No impairment was identified.

Identifiable definite-lived and indefinite-lived intangible assets consist of the following:

(in thousands)	December 31, 2013			December 31, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	\$ 181,847	\$ (91,736)	\$ 90,111	\$ 179,512	\$ (81,390)	\$ 98,122
Trademarks	85,922	(35,994)	49,928	83,073	(33,129)	49,944
Licensing agreements	31,950	(20,992)	10,958	30,695	(18,966)	11,729
Customer relationships	497,108	(82,381)	414,727	491,859	(50,632)	441,227
Total definite-lived	\$ 796,827	\$ (231,103)	\$ 565,724	\$ 785,139	\$ (184,117)	\$ 601,022
Trademarks and In-process R&D	\$ 229,599	\$ —	\$ 229,599	\$ 229,620	\$ —	\$ 229,620
Total identifiable intangible assets	\$ 1,026,426	\$ (231,103)	\$ 795,323	\$ 1,014,759	\$ (184,117)	\$ 830,642

Amortization expense for identifiable definite-lived intangible assets for 2013, 2012 and 2011 was \$46.2 million, \$49.7 million and \$21.0 million, respectively. The annual estimated amortization expense related to these intangible assets for each of the five succeeding fiscal years is \$47.7 million, \$46.9 million, \$46.3 million, \$45.6 million and \$44.3 million for 2014, 2015, 2016, 2017 and 2018, respectively.

NOTE 10 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

(in thousands)	December 31,	
	2013	2012
Deferred taxes	\$ 86,929	\$ 80,903
Prepaid expenses	36,129	54,881
Other current assets	34,429	49,828
Prepaid expenses and other current assets	<u>\$ 157,487</u>	<u>\$ 185,612</u>

NOTE 11 - ACCRUED LIABILITIES

Accrued liabilities consist of the following:

(in thousands)	December 31,	
	2013	2012
Payroll, commissions, bonuses, other cash compensation and employee benefits	\$ 101,274	\$ 96,206
General insurance	12,178	12,204
Sales and marketing programs	38,514	32,742
Professional and legal costs	14,855	12,202
Restructuring costs	8,608	14,452
Warranty liabilities	3,608	3,693
Deferred income	4,922	5,514
Accrued vacation and holidays	29,944	29,804
Third party royalties	11,494	11,288
Current portion of derivatives	54,367	144,195
Other	59,544	62,036
Accrued liabilities	<u>\$ 339,308</u>	<u>\$ 424,336</u>

NOTE 12 - FINANCING ARRANGEMENTS

Short-Term Debt

Short-term debt consisted of the following:

(in thousands)	December 31,			
	2013		2012	
	Principal Balance	Interest Rate	Principal Balance	Interest Rate
Bank overdrafts	\$ 1,429	1.0%	\$ 123	—%
Corporate commercial paper facility	101,900	0.3%	45,000	0.5%
Brazil short-term loans	1,314	2.8%	1,000	2.0%
Other short-term loans	563	1.8%	1,962	3.9%
Add: Current portion of long-term debt	204,656		250,878	
Total short-term debt	<u>\$ 309,862</u>		<u>\$ 298,963</u>	
	2013		2012	
Maximum month-end short-term debt outstanding during the year	\$ 417,065		\$ 399,931	
Average amount of short-term debt outstanding during the year	\$ 318,817		\$ 248,318	
Weighted-average interest rate on short-term debt at year-end		1.6%		0.6%

Short-Term Borrowings

The Company has a \$500.0 million commercial paper facility, at December 31, 2013 and 2012 amounts outstanding were \$101.9 million and \$45.0 million, respectively. The Company has a \$500.0 million five-year revolving credit agreement that expires in July 2016, that serves as back-up credit to this commercial paper facility. Amounts outstanding under the commercial paper facility, if any, reduce amounts available under the revolving credit agreement. Average outstanding issued commercial paper during 2013 was \$98.7 million. At December 31, 2013, the Company has classified the commercial paper as short-term debt, reflecting the Company's intent to repay over the next year.

Long-Term Debt

Long-term debt consisted of the following:

(in thousands)	December 31,			
	2013		2012	
	Principal Balance	Interest Rate	Principal Balance	Interest Rate
Floating rate senior notes \$250 million due August 2013	\$ —	—%	\$ 250,000	1.8%
Term loan Japanese yen denominated due September 2014	119,213	1.0%	144,681	1.1%
Private placement notes \$250 million due February 2016	252,370	4.1%	254,560	4.1%
Fixed rate senior notes \$300 million due August 2016	299,775	2.8%	299,689	2.8%
Term loan Swiss francs denominated due September 2016	72,829	1.1%	71,027	1.2%
Term loan \$175 million due August 2020	175,000	1.4%	—	—%
Fixed rate senior notes \$450 million due August 2021	448,809	4.2%	448,653	4.2%
Other borrowings, various currencies and rates	2,838		4,303	
	<u>\$ 1,370,834</u>		<u>\$ 1,472,913</u>	
Less: Current portion (included in notes payable and current portion of long-term debt)	204,656		250,878	
Long-term portion	<u>\$ 1,166,178</u>		<u>\$ 1,222,035</u>	

The Company has a \$500.0 million five-year revolving credit agreement with participation from sixteen banks, which expires in July 2016. The revolving credit agreement contains a number of covenants and two financial ratios, which the Company is required to satisfy. The most restrictive of these covenants pertain to asset dispositions and prescribed ratios of indebtedness to total capital and operating income excluding depreciation and amortization to interest expense. Any breach of any such covenants or restrictions would result in a default under the existing borrowing documentation that would permit the lenders to declare all borrowings under such documentation to be immediately due and payable and, through cross default provisions, would entitle the Company's other lenders to accelerate their loans. At December 31, 2013, the Company was in compliance with these covenants.

The Company repaid the two-year floating rate senior notes in August 2013. On August 26, 2013, the Company entered into a \$175.0 million variable rate seven-year term loan that matures in August 2020. The term loan is pre-payable at par and has annual principal repayments of \$8.8 million in each of the first six years with the balance due at maturity. The variable interest rate is reset quarterly at three-month U.S. dollar London Inter-Bank Offered Rate ("LIBOR") plus 1.125%.

The Company's current portion of long-term debt includes a \$75.0 million tranche of the \$250.0 million private placement note ("PPN"), \$8.8 million of the \$175.0 million term loan and the balance of the Japanese yen term loan.

The term loans and PPN contain certain affirmative and negative covenants relating to the Company's operations and financial condition. At December 31, 2013, the Company was in compliance with all debt covenants.

At December 31, 2013, the Company had total unused lines of credit, including lines available under its short-term arrangements and revolving credit agreement, of \$469.7 million.

The table below reflects the contractual maturity dates of the various borrowings at December 31, 2013:

(in thousands)	
2014	\$ 204,656
2015	182,896
2016	384,992
2017	9,064
2018	8,920
2019 and beyond	580,306
	<u>\$ 1,370,834</u>

NOTE 13 - EQUITY

At December 31, 2013, the Company had authorization to maintain up to 34.0 million shares of treasury stock under its stock repurchase program as approved by the Board of Directors. Under its stock repurchase program, the Company purchased 2,685,796 shares and 998,356 shares during 2013 and 2012, respectively, at an average price of \$43.94 and \$38.90, respectively. At both December 31, 2013 and 2012, the Company held 20.5 million of treasury stock shares. During 2013, the Company repurchased outstanding shares at a value of \$118.0 million. The Company also received proceeds of \$66.9 million primarily as a result of 2.3 million stock options exercised during the year ended December 31, 2013. During 2012, the Company repurchased outstanding shares at a value of \$38.8 million. The Company also received proceeds of \$34.2 million primarily as a result of 1.4 million stock options exercised during the year ended December 31, 2012. It is the Company's practice to issue shares from treasury stock when options are exercised. The tax benefit realized for the options exercised during the year ended December 31, 2013 and 2012 is \$3.0 million and \$6.8 million, respectively.

The following table represents total outstanding shares for the years ended December 31:

(in thousands)	Common Shares	Treasury Shares	Outstanding Shares
Balance at December 31, 2010	162,776	(21,041)	141,735
Shares issued	—	2,084	2,084
Repurchase of common stock at cost	—	(2,187)	(2,187)
Balance at December 31, 2011	162,776	(21,144)	141,632
Shares issued	—	1,688	1,688
Repurchase of common stock at cost	—	(998)	(998)
Balance at December 31, 2012	162,776	(20,454)	142,322
Shares issued	—	2,605	2,605
Repurchase of common stock at cost	—	(2,686)	(2,686)
Balance at December 31, 2013	162,776	(20,535)	142,241

The Company maintains the 2010 Equity Incentive Plan (the "Plan") under which it may grant non-qualified stock options ("NQSO"), incentive stock options, restricted stock, restricted stock units ("RSU") and stock appreciation rights, collectively referred to as "Awards." Awards are granted at exercise prices that are equal to the closing stock price on the date of grant. The Company authorized grants under the Plan of 13.0 million shares of common stock, plus any unexercised portion of cancelled or terminated stock options granted under the DENTSPLY International Inc. 2002 Equity Incentive Plan, as amended, subject to adjustment as follows: each January, if 7% of the total outstanding common shares of the Company exceed 13.0 million, the excess becomes available for grant under the Plan. No more than 2.5 million shares may be awarded as restricted stock and RSU, and no key employee may be granted restricted stock and RSU in excess of approximately 0.2 million shares of common stock in any calendar year. The number of shares available for grant under the 2010 Plan at December 31, 2013 is 9.4 million.

Stock options granted become exercisable over a period of three years after the date of grant at the rate of one-third per year and generally expire ten years after the date of grant under these plans. RSU vest 100% on the third anniversary of the date of grant and are subject to a service condition, which requires grantees to remain employed by the Company during the three-year period following the date of grant. Under the terms of the RSU, the three-year period is referred to as the restricted period. RSU and the rights under the award may not be sold, assigned, transferred, donated, pledged or otherwise disposed of during the three-year restricted period prior to vesting. In addition to the service condition, certain key executives are granted RSU subject to performance requirements during the first year of the RSU award. If actual performance against the goals is not met the RSU granted is adjusted to reflect the achievement level. Upon the expiration of the applicable restricted period and the satisfaction of all conditions imposed, all restrictions imposed on RSU will lapse, and one share of common stock will be issued as payment for each vested RSU. All awards become immediately exercisable upon death, disability or qualified retirement. Awards are expensed as compensation over their respective vesting periods or to the eligible retirement date if shorter.

The following table represents total stock based compensation expense and the tax related benefit for the years ended:

(in thousands)	December 31,		
	2013	2012	2011
Stock option expense	\$ 10,554	\$ 11,126	\$ 10,369
RSU expense	13,059	9,644	9,243
Total stock based compensation expense	\$ 23,613	\$ 20,770	\$ 19,612
Related deferred income tax benefit	\$ 6,057	\$ 5,775	\$ 5,021

There were 2.1 million non-qualified stock options unvested at December 31, 2013. The remaining unamortized compensation cost related to non-qualified stock options is \$10.7 million, which will be expensed over the weighted average remaining vesting period of the options, or 1.3 years. The unamortized compensation cost related to RSU is \$17.7 million, which will be expensed over the remaining weighted average restricted period of the RSU, or 1.2 years.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of each option awarded. The following table sets forth the assumptions used to determine compensation cost for the Company's NQSO issued during the years ended:

	December 31,		
	2013	2012	2011
Weighted average fair value per share	\$ 9.30	\$ 8.91	\$ 8.86
Expected dividend yield	0.53%	0.57%	0.55%
Risk-free interest rate	0.87%	0.93%	2.35%
Expected volatility	25%	26%	24%
Expected life (years)	4.98	5.10	5.07

The total intrinsic value of options exercised for the years ended December 31, 2013, 2012 and 2011 was \$34.3 million, \$21.1 million and \$27.0 million, respectively.

The following table summarizes the NQSO transactions for the year ended December 31, 2013:

(in thousands, except per share amounts)	Outstanding			Exercisable		
	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
December 31, 2012	9,906	\$ 33.18	\$ 69,079	7,599	\$ 31.79	\$ 64,819
Granted	923	40.63				
Exercised	(2,309)	28.98				
Cancelled	(31)	42.82				
Forfeited	(194)	38.89				
December 31, 2013	<u>8,295</u>	\$ 35.04	\$ 111,450	6,225	\$ 33.67	\$ 92,200

The weighted average remaining contractual term of all outstanding options is 5.6 years and the weighted average remaining contractual term of exercisable options is 4.7 years.

The following table summarizes information about NQSO outstanding for the year ended December 31, 2013:

(in thousands, except per share amounts and life)	Range of Exercise Prices	Outstanding			Exercisable	
		Number Outstanding at December 31, 2013	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable at December 31, 2013	Weighted Average Exercise Price
	20.01 - 30.00	1,938	3.6	\$ 26.83	1,938	\$ 26.83
	30.01 - 40.00	4,622	6.2	35.51	3,408	34.64
	40.01 - 50.00	1,735	6.5	42.98	879	44.97
		<u>8,295</u>	5.6	\$ 35.04	<u>6,225</u>	\$ 33.67

The following table summarizes the unvested RSU transactions for the year ended December 31, 2013:

(in thousands, except per share amounts)	Unvested Restricted Stock Units	
	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2012	1,034	\$ 36.34
Granted	506	40.92
Vested	(248)	32.80
Forfeited	(161)	38.82
Unvested at December 31, 2013	<u>1,131</u>	<u>\$ 38.81</u>

NOTE 14 - INCOME TAXES

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

(in thousands)	December 31,		
	2013	2012	2011
United States	\$ 58,383	\$ 67,668	\$ 7,041
Foreign	310,952	263,011	249,070
	<u>\$ 369,335</u>	<u>\$ 330,679</u>	<u>\$ 256,111</u>

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

(in thousands)	2013	December 31, 2012	2011
Current:			
U.S. federal	\$ 10,340	\$ 23,412	\$ 34,870
U.S. state	4,660	2,788	5,151
Foreign	66,306	69,954	59,397
Total	\$ 81,306	\$ 96,154	\$ 99,418
Deferred:			
U.S. federal	\$ (28,941)	\$ (128,832)	\$ (29,664)
U.S. state	(1,377)	11,730	(4,089)
Foreign	1,162	29,868	(54,649)
Total	\$ (29,156)	\$ (87,234)	\$ (88,402)
	\$ 52,150	\$ 8,920	\$ 11,016

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

	2013	December 31, 2012	2011
Statutory U. S. federal income tax rate	35.0 %	35.0 %	35.0 %
Effect of:			
State income taxes, net of federal benefit	0.7	0.7	0.3
Federal benefit of R&D and foreign tax credits	(5.9)	(7.2)	(8.6)
Tax effect of international operations	(10.2)	(7.4)	(7.9)
Net effect of tax audit activity	1.9	(0.6)	2.1
Tax effect of enacted statutory rate changes	0.1	(3.7)	0.2
Federal tax on unremitted earnings of certain foreign subsidiaries	—	0.1	0.1
Valuation allowance adjustments	(0.6)	12.0	(18.1)
Tax effect of enacted U.S. federal legislation	(2.6)	—	—
Foreign outside basis differences	(1.5)	(26.5)	—
Other	(2.8)	0.3	1.2
Effective income tax rate on operations	14.1 %	2.7 %	4.3 %

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

(in thousands)	December 31, 2013		December 31, 2012	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Commission and bonus accrual	\$ 5,793	\$ —	\$ 2,529	\$ —
Employee benefit accruals	46,740	—	44,266	—
Foreign outside basis difference	—	—	189,125	—
Inventory	21,941	—	21,173	—
Identifiable intangible assets	—	374,240	—	359,303
Insurance premium accruals	4,402	—	4,381	—
Miscellaneous accruals	10,089	—	12,685	—
Other	35,734	—	15,844	—
Unrealized losses included in AOCI	32,908	—	39,879	—
Property, plant and equipment	—	49,368	—	51,020
Product warranty accruals	1,069	—	1,154	—
Foreign tax credit carryforward	48,450	—	—	—
Restructuring and other cost accruals	956	—	1,048	—
Sales and marketing accrual	5,768	—	4,480	—
Taxes on unremitted earnings of foreign subsidiaries	—	2,506	—	2,556
Tax loss carryforwards and other tax attributes	389,614	—	187,449	—
Valuation allowance	(228,846)	—	(179,699)	—
	<u>\$ 374,618</u>	<u>\$ 426,114</u>	<u>\$ 344,314</u>	<u>\$ 412,879</u>

Deferred tax assets and liabilities are included in the following consolidated balance sheet line items:

(in thousands)	December 31,	
	2013	2012
Prepaid expenses and other current assets	\$ 86,929	\$ 80,903
Income taxes payable	4,416	2,856
Other noncurrent assets, net	104,385	86,029
Deferred income taxes	238,394	232,641

The Company has \$48.5 million of foreign tax credit carryforwards at December 31, 2013, which will expire in 2023.

The deferred tax asset recorded during 2012 for foreign outside basis differences in a wholly owned subsidiary was realized as a deduction for U.S. income tax purposes during 2013, thus the deferred tax asset remaining at December 31, 2013 is now reflected as a tax loss carryforward. This federal tax loss carryforward of \$430.2 million will expire in 2033. The Company also has tax loss carryforwards related to certain foreign and domestic subsidiaries of approximately \$1.0 billion at December 31, 2013, of which \$563.8 million expires at various times through 2033 and \$456.4 million may be carried forward indefinitely. Included in deferred income tax assets at December 31, 2013 are tax benefits totaling \$315.4 million, before valuation allowances, for the tax loss carryforwards.

The Company has recorded \$147.1 million of valuation allowance to offset the tax benefit of net operating losses and \$81.7 million of valuation allowance for other deferred tax assets. The Company has recorded these valuation allowances due to the uncertainty that these assets can be realized in the future.

Federal and state tax loss carryforwards that result from the exercise of employee stock options are not recorded on the Company's Consolidated Balance Sheets. These tax loss carryforwards are accounted for as a credit to additional paid-in capital when realized through a reduction in income taxes payable. The amount incurred during 2013 for tax loss carryforwards, both federal and state, was \$17.2 million.

The Company has provided federal income taxes on certain undistributed earnings of its foreign subsidiaries that the Company anticipates will be repatriated. Deferred federal income taxes have not been provided on \$1.3 billion of cumulative earnings of foreign subsidiaries that the Company has determined to be permanently reinvested. It is not practicable to estimate the amount of tax that might be payable on these permanently reinvested earnings.

Tax Contingencies

The Company applies a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position.

The total amount of gross unrecognized tax benefits at December 31, 2013 is approximately \$25.9 million, of this total, approximately \$24.5 million represents the amount of unrecognized tax benefits that, if recognized, would affect the effective income tax rate. It is reasonably possible that certain amounts of unrecognized tax benefits will significantly increase or decrease within twelve months of the reporting date of the Company's consolidated financial statements. Expiration of statutes of limitation in various jurisdictions during the next twelve months could include unrecognized tax benefits of approximately \$1.1 million.

The total amount of accrued interest and penalties were \$7.9 million and \$6.1 million at December 31, 2013 and 2012, respectively. The Company has consistently classified interest and penalties recognized in its consolidated financial statements as income taxes based on the accounting policy election of the Company. During the year ended December 31, 2013, the Company recognized income tax expense of \$1.7 million in interest and penalties. During the year ended December 31, 2012, the Company recognized income tax benefit in the amount of \$0.9 million for interest and penalties and during the year ended December 31, 2011, the Company recognized income tax expense in the amount of \$0.9 million.

The Company is subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. The significant jurisdictions include the U.S., Germany and Switzerland. The Company has substantially concluded all U.S. federal income tax matters for years through 2009, resulting in the years 2010 through 2012 being subject to future potential tax audit adjustments while years prior to 2010 are settled. The Company has concluded audits in Germany through the tax year 2008 and is currently under audit for the years 2009 through 2011. The taxable years that remain open for Switzerland are 2003 through 2012.

The Company had the following activity recorded for unrecognized tax benefits:

(in thousands)	2013	December 31, 2012	2011
Unrecognized tax benefits at beginning of period	\$ 12,264	\$ 14,956	\$ 13,143
Gross change for prior period positions	2,471	(3,029)	1,425
Gross change for current year positions	4,517	268	640
Decrease due to settlements and payments	—	—	—
Decrease due to statute expirations	(1,381)	—	(123)
Increase due to effect of foreign currency translation	—	—	—
Decrease due to effect from foreign currency translation	126	69	(129)
Unrecognized tax benefits at end of period	<u>\$ 17,997</u>	<u>\$ 12,264</u>	<u>\$ 14,956</u>

NOTE 15 - BENEFIT PLANS

Defined Contribution Plans

The DENTSPLY Employee Stock Ownership Plan ("ESOP") and 401(k) plans are designed to have contribution allocations of eligible compensation, with a targeted 3% going into the ESOP in Company stock and a targeted 3% going into the 401(k) as a non-elective contribution in cash. The Company sponsors an employee 401(k) savings plan for its U.S. workforce to which enrolled participants may contribute up to Internal Revenue Service defined limits. The ESOP is a non-contributory defined contribution plan that covers substantially all of the U.S. based non-union employees of the Company. All future ESOP allocations will come from a combination of forfeited shares and shares acquired in the open market. The share allocation will be accounted

at fair value at the point of allocation, which is normally year-end. In addition to these plans, the Company also maintains various other U.S. and non-U.S. defined contribution and non-qualified deferred compensation plans. The annual expense, net of forfeitures, were \$25.8 million, \$26.1 million and \$17.5 million for 2013, 2012 and 2011, respectively.

Defined Benefit Plans

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

In addition to the U.S. plans, the Company maintains defined benefit pension plans for certain employees in Austria, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland and Taiwan. These plans provide benefits based upon age, years of service and remuneration. Other foreign plans are not significant individually or in the aggregate. Substantially all of the German and Sweden plans are unfunded book reserve plans. Most employees and retirees outside the U.S. are covered by government health plans.

Defined Benefit Pension Plan Assets

The primary investment strategy is to ensure that the assets of the plans, along with anticipated future contributions, will be invested in order that the benefit entitlements of employees, pensioners and beneficiaries covered under the plan can be met when due with high probability. Pension plan assets consist mainly of common stock and fixed income investments. The target allocations for defined benefit plan assets are 30% to 65% equity securities, 30% to 65% fixed income securities, 0% to 15% real estate, and 0% to 25% in all other types of investments. Equity securities include investments in companies located both in and outside the U.S. Equity securities do not include common stock of the Company. Fixed income securities include corporate bonds of companies from diversified industries, government bonds, mortgage notes and pledge letters. Other types of investments include investments in mutual funds, common trusts, insurance contracts, hedge funds and real estate. These plan assets are not recorded on the Company's Consolidated Balance Sheet as they are held in trust or other off-balance sheet investment vehicles.

The defined benefit pension plan assets in the U.S. are held in trust and the investment policies of the plans are generally to invest the plans assets in equities and fixed income investments. The objective is to achieve a long-term rate of return in excess of 5% while at the same time mitigating the impact of investment risk associated with investment categories that are expected to yield greater than average returns. In accordance with the investment policies of the U.S. plans, the plans assets were invested in the following investment categories: interest-bearing cash, registered investment companies (e.g. mutual funds), common/collective trusts, master trust investment accounts and insurance company general accounts. The investment objective is for assets to be invested in a manner consistent with the fiduciary standards of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The defined benefit pension plan assets maintained in Austria, Germany, Japan, Norway, the Netherlands, Switzerland and Taiwan all have separate investment policies but generally have an objective to achieve a long-term rate of return in excess 4% while at the same time mitigating the impact of investment risk associated with investment categories that are expected to yield greater than average returns. In accordance with the investment policies for the plans outside the U.S., the plans' assets were invested in the following investment categories: interest-bearing cash, U.S. and foreign equities, foreign fixed income securities (primarily corporate and government bonds), insurance company contracts, real estate and hedge funds.

Postemployment Healthcare

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

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

(in thousands)	Pension Benefits		Other Postemployment Benefits	
	December 31,		December 31,	
	2013	2012	2013	2012
Change in Benefit Obligation				
Benefit obligation at beginning of year	\$ 355,766	\$ 270,607	\$ 14,218	\$ 12,217
Service cost	14,863	12,178	234	195
Interest cost	9,901	10,600	464	490
Participant contributions	3,968	3,638	515	535
Actuarial (gains) losses	(20,727)	59,461	(2,708)	1,601
Plan amendments	—	(93)	11	—
Acquisitions/Divestitures	30	3,745	—	—
Effect of exchange rate changes	8,248	8,100	—	—
Foreign plan additions	—	540	—	—
Foreign plan deletions	(524)	—	—	—
Plan curtailments	(1,669)	(310)	—	—
Benefits paid	(10,440)	(12,700)	(798)	(820)
Benefit obligation at end of year	\$ 359,416	\$ 355,766	\$ 11,936	\$ 14,218
Change in Plan Assets				
Fair value of plan assets at beginning of year	\$ 124,884	\$ 108,708	\$ —	\$ —
Actual return on assets	9,658	10,732	—	—
Effect of exchange rate changes	2,377	2,362	—	—
Employer contributions	12,718	12,144	283	285
Participant contributions	3,968	3,638	515	535
Benefits paid	(10,440)	(12,700)	(798)	(820)
Fair value of plan assets at end of year	\$ 143,165	\$ 124,884	\$ —	\$ —
Funded status at end of year	\$ (216,251)	\$ (230,882)	\$ (11,936)	\$ (14,218)

The amounts recognized in the accompanying Consolidated Balance Sheets, net of tax effects, are as follows:

(in thousands)	Pension Benefits		Other Postemployment Benefits	
	December 31,		December 31,	
	2013	2012	2013	2012
Other noncurrent assets, net	\$ 23	\$ 263	\$ —	\$ —
Deferred tax asset	19,618	26,421	605	1,764
Total assets	\$ 19,641	\$ 26,684	\$ 605	\$ 1,764
Current liabilities	(5,097)	(4,561)	(491)	(654)
Other noncurrent liabilities	(211,177)	(226,584)	(11,445)	(13,564)
Deferred tax liability	(644)	(449)	—	—
Total liabilities	\$ (216,918)	\$ (231,594)	\$ (11,936)	\$ (14,218)
Accumulated other comprehensive income	48,957	70,377	961	2,805
Net amount recognized	\$ (148,320)	\$ (134,533)	\$ (10,370)	\$ (9,649)

Amounts recognized in AOCI consist of:

(in thousands)	Pension Benefits		Other Postemployment Benefits	
	December 31,		December 31,	
	2013	2012	2013	2012
Net actuarial loss	\$ 70,615	\$ 99,129	\$ 1,557	\$ 4,569
Net prior service cost	(2,684)	(2,780)	9	—
Before tax AOCI	\$ 67,931	\$ 96,349	\$ 1,566	\$ 4,569
Less: Deferred taxes	18,974	25,972	605	1,764
Net of tax AOCI	\$ 48,957	\$ 70,377	\$ 961	\$ 2,805

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

(in thousands)	December 31,	
	2013	2012
Projected benefit obligation	\$ 357,459	\$ 344,653
Accumulated benefit obligation	330,215	315,963
Fair value of plan assets	141,186	117,413

Components of net periodic benefit cost:

(in thousands)	Pension Benefits			Other Postemployment Benefits		
	2013	2012	2011	2013	2012	2011
Service cost	\$ 14,863	\$ 12,178	\$ 10,950	\$ 234	\$ 195	\$ 61
Interest cost	9,901	10,600	9,633	464	490	553
Expected return on assets	(4,998)	(4,727)	(5,184)	—	—	—
Amortization of prior service cost (credit)	(133)	(138)	80	2	—	—
Amortization of net actuarial loss	5,150	1,995	1,584	303	264	189
Curtailment and settlement gains	(1,600)	(303)	4	—	—	—
Net periodic benefit cost	\$ 23,183	\$ 19,605	\$ 17,067	\$ 1,003	\$ 949	\$ 803

Other changes in plan assets and benefit obligations recognized in AOCI:

(in thousands)	Pension Benefits			Other Postemployment Benefits		
	2013	2012	2011	2013	2012	2011
Net actuarial (gain) loss	\$ (23,364)	\$ 55,662	\$ 8,352	\$ (2,709)	\$ 1,601	\$ 537
Net prior service (credit)	(37)	(161)	(2,845)	11	—	—
Amortization	(5,017)	(1,857)	(1,664)	(305)	(264)	(189)
Total recognized in AOCI	\$ (28,418)	\$ 53,644	\$ 3,843	\$ (3,003)	\$ 1,337	\$ 348
Total recognized in net periodic benefit cost and AOCI	\$ (5,235)	\$ 73,249	\$ 20,910	\$ (2,000)	\$ 2,286	\$ 1,151

The estimated net loss, prior service cost and transition obligation for the defined benefit plans that will be amortized from AOCI into net periodic benefit cost over the next fiscal year are \$2.7 million. There will be an immaterial amount of estimated

net loss and prior service credit for the other postemployment plans that will be amortized from AOCI into net periodic benefit cost over the next fiscal year.

The amounts in AOCI that are expected to be amortized as net expense (income) during fiscal year 2014 are as follows:

(in thousands)	Pension Benefits	Other Postemployment Benefits
Amount of net prior service cost (credit)	\$ (138)	\$ 2
Amount of net loss	2,838	43

The weighted average assumptions used to determine benefit obligations for the Company's plans, principally in foreign locations, at December 31, 2013, 2012 and 2011 are as follows:

	Pension Benefits			Other Postemployment Benefits		
	2013	2012	2011	2013	2012	2011
Discount rate	3.2%	2.8%	4.0%	4.8%	3.5%	4.0%
Rate of compensation increase	2.7%	2.7%	2.8%	n/a	n/a	n/a
Health care cost trend	n/a	n/a	n/a	8.5%	8.0%	7.5%
Ultimate health care cost trend	n/a	n/a	n/a	5.0%	5.0%	5.0%
Years until ultimate trend is reached	n/a	n/a	n/a	8.0	7.0	6.0

The weighted average assumptions used to determine net periodic benefit cost for the Company's plans, principally in foreign locations, for the years ended December 31, 2013, 2012 and 2011 are as follows:

	Pension Benefits			Other Postemployment Benefits		
	2013	2012	2011	2013	2012	2011
Discount rate	2.8%	4.0%	4.1%	3.5%	4.0%	5.0%
Expected return on plan assets	4.3%	4.1%	4.8%	n/a	n/a	n/a
Rate of compensation increase	2.7%	2.8%	2.6%	n/a	n/a	n/a
Health care cost trend	n/a	n/a	n/a	8.5%	8.0%	7.5%
Ultimate health care cost trend	n/a	n/a	n/a	5.0%	5.0%	5.0%
Years until ultimate trend is reached	n/a	n/a	n/a	8.0	7.0	6.0
<u>Measurement Date</u>	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>

To develop the assumptions for the expected long-term rate of return on assets, the Company considered the current level of expected returns on risk free investments (primarily U.S. government bonds), the historical level of the risk premium associated with the other asset classes in which the assets are invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocations to develop the assumptions for the expected long-term rate of return on assets.

Assumed health care cost trend rates have an impact on the amounts reported for postemployment benefits. An ongoing one percentage point change in assumed healthcare cost trend rates would have had the following effects for the year ended December 31, 2013:

(in thousands)	Other Postemployment Benefits	
	1% Increase	1% Decrease
Effect on total of service and interest cost components	\$ 161	\$ (123)
Effect on postemployment benefit obligation	2,104	(1,656)

Fair Value Measurements of Plan Assets

The fair value of the Company's pension plan assets at December 31, 2013 is presented in the table below by asset category. Approximately 82% of the total plan assets are categorized as Level 1, and therefore, the values assigned to these pension assets are based on quoted prices available in active markets. For the other category levels, a description of the valuation is provided in Note 1, Significant Accounting Policies, under the "Fair Value Measurement" heading.

(in thousands)	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Assets Category				
Cash and cash equivalents	\$ 15,231	\$ 15,231	\$ —	\$ —
Equity securities:				
U. S.	929	929	—	—
International	37,904	37,904	—	—
Fixed income securities:				
Fixed rate bonds (a)	51,066	51,066	—	—
Other types of investments:				
Mutual funds (b)	3,367	3,367	—	—
Real estate mutual funds	8,906	8,906	—	—
Common trusts (c)	10,100	—	6,802	3,298
Insurance contracts	13,240	—	3,739	9,501
Hedge funds	2,046	—	—	2,046
Real estate	376	—	—	376
Total	\$ 143,165	\$ 117,403	\$ 10,541	\$ 15,221

(in thousands)	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Assets Category				
Cash and cash equivalents	\$ 5,930	\$ 5,930	\$ —	\$ —
Equity securities:				
U. S.	1,015	1,015	—	—
International	34,197	34,197	—	—
Fixed income securities:				
Fixed rate bonds (a)	48,450	48,450	—	—
Other types of investments:				
Mutual funds (b)	8,994	—	8,994	—
Real estate mutual funds	9,713	9,713	—	—
Common trusts (c)	2,708	—	—	2,708
Insurance contracts	12,199	—	3,865	8,334
Hedge funds	1,311	—	—	1,311
Real estate	367	—	—	367
Total	\$ 124,884	\$ 99,305	\$ 12,859	\$ 12,720

- (a) This category includes fixed income securities invested primarily in Swiss bonds, foreign bonds denominated in Swiss francs, foreign currency bonds, mortgage notes and pledged letters.
- (b) This category includes mutual funds balanced between moderate-income generation and moderate capital appreciation with investment allocations of approximately 50% equities and 50% fixed income investments.
- (c) This category includes common/collective funds with investments in approximately 65% equities and 35% in fixed income investments.

The following table provides a reconciliation from December 31, 2012 to December 31, 2013 for the plans assets categorized as Level 3. No assets were transferred in or out of the Level 3 category during the year ended December 31, 2013.

(in thousands)	Changes within Level 3 Category for Year Ended December 31, 2013				
	Common Trust	Insurance Contracts	Hedge Funds	Real Estate	Total
Balance at December 31, 2012	\$ 2,708	\$ 8,334	\$ 1,311	\$ 367	\$ 12,720
Actual return on plan assets:					
Relating to assets still held at the reporting date	409	421	82	—	912
Relating to assets sold during the period	99	—	—	—	99
Purchases, sales and settlements, net	82	637	596	—	1,315
Effect of exchange rate changes	—	109	57	9	175
Balance at December 31, 2013	\$ 3,298	\$ 9,501	\$ 2,046	\$ 376	\$ 15,221

The following tables provide a reconciliation from December 31, 2011 to December 31, 2012 for the plans assets categorized as Level 3. No assets were transferred in or out of the Level 3 category during the year ended December 31, 2012.

(in thousands)	Changes within Level 3 Category for Year Ended December 31, 2012				
	Common Trust	Insurance Contracts	Hedge Funds	Real Estate	Total
Balance at December 31, 2011	\$ 2,083	\$ 5,820	\$ 890	\$ 358	\$ 9,151
Actual return on plan assets:					
Relating to assets still held at the reporting date	284	1,700	52	—	2,036
Relating to assets sold during the period	8	—	6	—	14
Purchases, sales and settlements, net	333	533	331	—	1,197
Effect of exchange rate changes	—	281	32	9	322
Balance at December 31, 2012	\$ 2,708	\$ 8,334	\$ 1,311	\$ 367	\$ 12,720

Fair values for Level 3 assets are determined as follows:

Common Trusts and Hedge Funds: The investments are valued using the net asset value provided by the administrator of the trust or fund, which is based on the fair value of the underlying securities.

Real Estate: Investment is stated by its appraised value.

Insurance Contracts: The value of the asset represents the mathematical reserve of the insurance policies and is calculated by the insurance firms using their own assumptions.

Cash Flows

In 2014, the Company expects to make contributions and direct benefit payments of \$12.1 million to its defined benefit pension plans and \$0.5 million to its postemployment medical plans.

Estimated Future Benefit Payments

(in thousands)	Pension Benefits	Other Postemployment Benefits
2014	\$ 10,595	\$ 502
2015	11,697	497
2016	11,171	487
2017	12,221	504
2018	14,437	524
2019-2022	82,030	2,794

The above table reflects the total employer contributions and benefits expected to be paid from the plan and does not include the participants' share of the cost.

NOTE 16 - RESTRUCTURING AND OTHER COSTS

Restructuring Costs

Restructuring costs of \$12.0 million and \$17.8 million for 2013 and 2012, respectively, are reflected in "Restructuring and other costs" in the Consolidated Statement of Operations and the associated liabilities are recorded in "Accrued liabilities" and "Other noncurrent liabilities" in the Consolidated Balance Sheet. These costs consist of employee severance benefits, payments due under operating contracts, and other restructuring costs.

During 2013, the Company initiated several restructuring plans primarily related to closing locations as a result of integration activities as the Company realigned certain implant and implant related businesses to better leverage the Company's resources by reducing costs and obtaining operational efficiencies. These restructuring costs were offset by changes in estimates of \$2.3 million, related to adjustments to 2012 and 2011 and prior plans.

During 2012, the Company initiated several restructuring plans primarily related to the closure and/or consolidation of certain production and selling facilities in Europe to better leverage the Company's resources by reducing costs and obtaining operational efficiencies. These restructuring costs were offset by changes in estimates of \$0.8 million, related to adjustments to 2011 and 2010 and prior plans.

During 2011, as a result of the impact of the Japan natural disaster, the Company initiated a restructuring plan related to the Orthodontic business during the second quarter. The restructuring plan addressed overhead costs related to the business and has reduced those costs as the Orthodontic business. The Company recorded \$1.7 million of charges for the year ended December 31, 2011 for this plan. In addition to the restructuring charges, for the year ended December 31, 2011, the Company incurred approximately \$3.3 million of selling, general and administrative expenses related to costs of maintaining the critical Orthodontic business processes and structures during the lack of product supply.

In addition to the Orthodontic restructuring plans during 2011, the Company also initiated several restructuring plans primarily related to the closure and/or consolidation of certain production and selling facilities in Europe and South America to better leverage the Company's resources by reducing costs and obtaining operational efficiencies. The Company incurred \$1.9 million of costs related to other restructuring plans, offset by income of \$0.5 million for adjustments to 2010 plans and 2009 and prior plans. These adjustments were primarily related to revised estimates of severance costs.

At December 31, 2013, the Company's restructuring accruals were as follows:

(in thousands)	Severances			
	2011 and Prior Plans	2012 Plans	2013 Plans	Total
Balance at December 31, 2012	\$ 1,495	\$ 11,412	\$ —	\$ 12,907
Provisions and adjustments	—	1,314	8,615	9,929
Amounts applied	(1,069)	(9,832)	(2,615)	(13,516)
Change in estimates	(24)	(2,014)	(236)	(2,274)
Balance at December 31, 2013	\$ 402	\$ 880	\$ 5,764	\$ 7,046

(in thousands)	Lease/Contract Terminations			
	2011 and Prior Plans	2012 Plans	2013 Plans	Total
Balance at December 31, 2012	\$ 792	\$ 682	\$ —	\$ 1,474
Provisions and adjustments	—	77	1,999	2,076
Amounts applied	(136)	(626)	(1,887)	(2,649)
Change in estimates	\$ —	(41)	(14)	(55)
Balance at December 31, 2013	\$ 656	\$ 92	\$ 98	\$ 846

(in thousands)	Other Restructuring Costs		
	2012 Plans	2013 Plans	Total
Balance at December 31, 2012	\$ 94	\$ —	\$ 94
Provisions and adjustments	957	1,383	2,340
Amounts applied	(994)	(716)	(1,710)
Change in estimates	1	(9)	(8)
Balance at December 31, 2013	\$ 58	\$ 658	\$ 716

The following table provides the cumulative amounts for the provisions and adjustments and amounts applied for all the plans by segment:

(in thousands)	December 31, 2012	Provisions and Adjustments	Amounts Applied	Change in Estimates	December 31, 2013
Dental Consumable and Laboratory Businesses	\$ 9,132	\$ 1,236	\$ (7,635)	\$ (1,390)	\$ 1,343
Orthodontics/Canada/Mexico/Japan	361	164	(415)	(4)	106
Select Distribution Businesses	222	383	(266)	—	339
Implants/Endodontics/Healthcare/Pacific Rim	4,760	11,869	(9,242)	(943)	6,444
All Other	—	693	(317)	—	376
Total	\$ 14,475	\$ 14,345	\$ (17,875)	\$ (2,337)	\$ 8,608

Other Costs

For the year ended December 31, 2013, the Company recorded other costs of \$1.4 million which included a \$2.4 million impairment of certain previously acquired technology offset by net gain for legal settlements. For the year ended December 31, 2012, the Company recorded other costs of \$7.9 million, other costs including \$5.2 million impairments of certain previously acquired technologies and the impact of the U.S. presidential executive order updating trade sanctions. On October 9, 2012, President Obama issued an executive order making it illegal for non-U.S. subsidiaries of U.S. companies to engage in certain transactions involving Iran without a license. The Company reserved appropriate allowances against accounts receivable in its controlled foreign subsidiaries and has discontinued such sales activities. There can be no assurance as to when such sales may be resumed to this region.

NOTE 17 - FINANCIAL INSTRUMENTS AND DERIVATIVES

Derivative Instruments and Hedging Activities

The Company's activities expose it to a variety of market risks, which primarily include the risks related to the effects of changes in foreign currency exchange rates, interest rates and commodity prices. These financial exposures are monitored and managed by the Company as part of its overall risk management program. The objective of this risk management program is to reduce the volatility that these market risks may have on the Company's operating results and equity. The Company employs derivative financial instruments to hedge certain anticipated transactions, firm commitments, or assets and liabilities denominated in foreign currencies. Additionally, the Company utilizes interest rate swaps to convert variable rate debt to fixed rate debt and to convert fixed rate debt to variable rate debt, cross currency basis swaps to convert debt denominated in one currency to another currency and commodity swaps to fix certain variable raw material costs.

Derivative Instruments Not Designated as Hedging

The Company enters into derivative financial instruments to hedge the foreign exchange revaluation risk associated with recorded assets and liabilities that are denominated in a non-functional currency. The gains and losses on these derivative transactions offset the gains and losses generated by the revaluation of the underlying non-functional currency balances and are recorded in "Other expense (income), net" on the Consolidated Statements of Operations. The Company primarily uses forward foreign exchange contracts and cross currency basis swaps to hedge these risks. The Company's significant contracts outstanding at December 31, 2013 are summarized in the tables that follow.

On December 20, 2012, the Company established hedges totaling 241.4 million Swiss francs to offset an intercompany Swiss franc note receivable at a U.S. dollar functional entity that was created by a net dividend of 241.4 million Swiss francs. The change in the value of the hedges offset the change in the value of the Swiss franc denominated intercompany note receivable held at a U.S. dollar functional entity. During the year ending December 31, 2013, the Company adjusted the amount of the hedge each quarter to reflect note repayments and maintain an offset to the currency revaluation of the Swiss franc note receivable outstanding. The note and the hedge decreased by 142.3 million Swiss francs as the note was repaid. The hedge settlements resulted in \$7.0 million cash receipt.

On January 10, 2013, the Company entered into 347.8 million euros of cross currency basis swaps to hedge a balance sheet liability resulting from a legal entity restructuring pursuant to the Company's acquisition integration plans. The hedges had an original exchange rate of approximately 1.32 U.S. dollars per euro and offset currency revaluation of a euro note payable by a U.S. dollar functional company. On June 19, 2013, the Company terminated these swaps resulting in a cash receipt of \$2.2 million.

On June 27, 2013 and September 16, 2013, the Company dedesignated 36.0 million euros and 48.0 million euros, respectively, of its net investment hedges. These trades matured during the fourth quarter of 2013, resulting in a net cash payment of \$3.7 million. The change in the value of the hedges offset the change in the value of a euro denominated intercompany note receivable held at a U.S. dollar functional entity.

Derivative Instruments Designated as Hedging

Cash Flow Hedges

Foreign Exchange Risk Management

The Company uses a layered hedging program to hedge select anticipated foreign currency cash flows to reduce volatility in both cash flows and reported earnings of the consolidated Company. The Company accounts for the foreign exchange forward contracts as cash flow hedges. As a result, the Company records the fair value of the contracts primarily through AOCI based on the tested effectiveness of the foreign exchange forward contracts. The Company measures the effectiveness of cash flow hedges of anticipated transactions on a spot-to-spot basis rather than on a forward-to-forward basis. Accordingly, the spot-to-spot change in the derivative fair value will be deferred in AOCI and released and recorded on the Consolidated Statements of Operations in the same period that the hedged transaction is recorded. The time value component of the fair value of the derivative is deemed ineffective and is reported currently in "Other expense (income), net" on the Consolidated Statements of Operations in the period which it is applicable. Any cash flows associated with these instruments are included in cash from operating activities on the Consolidated Statements of Cash Flows in accordance with the Company's policy of classifying the cash flows from these instruments in the same category as the cash flows from the items being hedged.

These foreign exchange forward contracts generally have maturities up to eighteen months and the counterparties to the transactions are typically large international financial institutions. The Company's significant contracts outstanding at December 31, 2013 are summarized in the tables that follow.

Interest Rate Risk Management

The Company uses interest rate swaps to convert a portion of its variable interest rate debt to fixed interest rate debt. At December 31, 2013, the Company has two groups of significant interest rate swaps. One of the groups of swaps has notional amounts totaling 12.6 billion Japanese yen, and effectively converts the underlying variable interest rates to an average fixed interest rate of 0.2% for a term of three years, ending in September 2014. Another swap has a notional amount of 65.0 million Swiss francs, and effectively converts the underlying variable interest rates to a fixed interest rate of 0.7% for a term of five years, ending in September 2016.

The Company enters into interest rate swap contracts infrequently as they are only used to manage interest rate risk on long-term debt instruments and not for speculative purposes. Any cash flows associated with these instruments are included in cash from operating activities on the Consolidated Statements of Cash Flows in accordance with the Company's policy of classifying the cash flows from these instruments in the same category as the cash flows from the items being hedged. The Company's significant contracts outstanding at December 31, 2013 are summarized in the tables that follow.

Commodity Risk Management

The Company selectively enters into commodity swaps to effectively fix certain variable raw material costs. These swaps are used to stabilize the cost of components used in the production of certain of the Company's products. The Company generally

accounts for the commodity swaps as cash flow hedges. As a result, the Company records the fair value of the contracts primarily through AOCI based on the tested effectiveness of the commodity swaps. The Company measures the effectiveness of cash flow hedges of anticipated transactions on a spot-to-spot basis rather than on a forward-to-forward basis. Accordingly, the spot-to-spot change in the derivative fair value will be deferred in AOCI and released and recorded on the Consolidated Statements of Operations in the same period that the hedged transaction is recorded. The time value component of the fair value of the derivative is deemed ineffective and is reported currently in "Interest expense" on the Consolidated Statements of Operations in the period which it is applicable. Any cash flows associated with these instruments are included in cash from operating activities on the Consolidated Statements of Cash Flows in accordance with the Company's policy of classifying the cash flows from these instruments in the same category as the cash flows from the items being hedged.

The following tables summarize the notional amounts and fair value of the Company's cash flow hedges and non-designated derivatives at December 31, 2013:

Foreign Exchange Forward Contracts (in thousands)	Notional Amounts Maturing in the Year		Fair Value Net Asset (Liability)
	2014	2015	December 31, 2013
Forward sale, 14.9 million Australian dollars	\$ 12,331	\$ 1,610	\$ 757
Forward purchase, 12.6 million British pounds	(20,916)	—	193
Forward sale, 46.5 million Canadian dollars	35,861	8,247	1,045
Forward purchase, 22.7 million Danish kroner	(4,181)	—	(4)
Forward sale, 212.9 million euros	243,739	47,344	(2,755)
Forward sale, 23.3 million Hong Kong dollars	3,006	—	133
Forward sale, 870.6 million Japanese yen	8,263	—	(626)
Forward sale, 180.9 million Mexican pesos	13,837	—	46
Forward purchase, 12.9 million Norwegian kroner	(2,118)	—	(2)
Forward sale, 0.5 million New Zealand dollars	417	—	2
Forward sale, 17.0 million Polish zlotys	5,621	—	(73)
Forward sale, 3.2 million Singapore dollars	2,515	—	7
Forward sale, 4.2 billion South Korean won	4,000	—	1
Forward purchase, 1.3 billion Swedish kronor	(183,015)	(28,429)	(1,282)
Forward purchase, 48.1 million Swiss francs	(62,278)	7,225	(1,009)
Forward sale, 71.6 million Taiwanese dollars	2,401	—	31
Total foreign exchange forward contracts	\$ 59,483	\$ 35,997	\$ (3,536)

Interest Rate Swaps (in thousands)	Notional Amounts Maturing in the Year					Fair Value Net Asset (Liability)
	2014	2015	2016	2017	2018 and Beyond	December 31, 2013
Euro	\$ 993	\$ 993	\$ 993	\$ 993	\$ 248	\$ (341)
Japanese yen	119,213	—	—	—	—	47
Swiss francs	—	—	72,829	—	—	(885)
Total interest rate swaps	\$ 120,206	\$ 993	\$ 73,822	\$ 993	\$ 248	\$ (1,179)

Commodity Swap Contracts (in thousands)	Notional Amounts Maturing in the Year		Fair Value Net Asset (Liability)
	2014	2015	December 31, 2013
Silver swap - U.S. dollar	\$ 1,446	\$ 112	\$ (343)
Platinum swap - U.S. dollar	1,351	101	(91)
Total commodity contracts	\$ 2,797	\$ 213	\$ (434)

Cross Currency Basis Swaps (in thousands)	Notional Amounts Maturing in the Year		Fair Value Net Asset (Liability)
	2014	2015	December 31, 2013
449.8 million euros at 1.45 pay U.S. dollar three-month LIBOR receive three-month Euro Inter-Bank Offered Rate	\$ 618,449	\$ —	\$ (33,800)
141.4 million Swiss francs at 0.93 pay Swiss francs three-month LIBOR receive U.S. dollar three-month LIBOR	112,045	46,370	(6,692)
Total cross currency basis swaps	\$ 730,494	\$ 46,370	\$ (40,492)

At December 31, 2013, deferred net losses on derivative instruments of \$7.7 million, which were recorded in AOCI, are expected to be reclassified to current earnings during the next twelve months. This reclassification is primarily due to the sale of inventory that includes hedged purchases and recognized interest expense on interest rate swaps. The maximum term over which the Company is hedging exposures to variability of cash flows (for all forecasted transactions, excluding interest payments on variable interest rate debt) is eighteen months. Overall, the derivatives designated as cash flow hedges are highly effective. Any cash flows associated with these instruments are included in cash from operating activities in the Consolidated Statements of Cash Flows in accordance with the Company's policy of classifying the cash flows from these instruments in the same category as the cash flows from the items being hedged.

Hedges of Net Investments in Foreign Operations

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

During the fourth quarter of 2013, the Company settled and replaced net investment hedges totaling 533.8 million euros. The settled hedge instruments were cross currency basis swaps that matured in October and December of 2013. The Company replaced these hedges with new foreign exchange forward contracts that have layered maturity dates from March 2014 to June 2015. These net investment hedges were traded at an exchange rate of approximately 1.37 U.S. dollars per euro which resulted in cash payments totaling \$52.7 million to settle the hedges during the fourth quarter of 2013. On December 30, 2013, the Company entered into 22.0 million euros of additional foreign exchange forward contracts designated as hedges of net investments, maturing June 2015. The hedges had an original exchange rate of approximately 1.38 U.S. dollars per euro.

On January 17, 2013, the Company extended 295.5 million Swiss francs of cross currency basis swaps maturing in February, March and April of 2013 with five new forward starting swaps totaling 295.5 million Swiss francs maturing in February 2016, March 2017 and April 2018. These net investment hedges were traded at an exchange rate of approximately .93 Swiss francs per U.S. dollar which resulted in cash payments totaling \$55.2 million to settle the hedges in February, March, and April of 2013. The Company will receive three-month U.S. dollar LIBOR and pay three-month Swiss franc LIBOR minus 31.6 basis points.

At December 31, 2013 and 2012, the Company had debt, cross currency basis swaps and foreign exchange forward contracts to hedge the currency exposure related to a designated portion of the net assets of its European, Swiss and Japanese subsidiaries. The fair value net asset (liability) of the cross currency interest rate swap agreements and foreign exchange forward contracts is the estimated amount the Company would receive (pay) at the reporting date, taking into account the effective interest rates,

currency swap basis rates and foreign exchange rates. At December 31, 2013 and 2012, the estimated net fair values of the cross currency interest rate swap agreements was a liability of \$18.1 million and a liability of \$90.7 million, respectively. At December 31, 2013, the estimated net fair values of the foreign exchange forward contracts was a liability of \$5.1 million; the Company did not hold similar contracts at December 31, 2012. The effective portion of the change in the value of these derivatives is recorded in AOCI, net of tax effects. At December 31, 2013 and 2012, the accumulated translation gain (loss) on investments in foreign subsidiaries, primarily denominated in euros, Swiss francs, Japanese yen and Swedish kronor, net of these net investment hedges, were losses of \$10.1 million and \$71.4 million, respectively, which were included in AOCI, net of tax effects.

The following tables summarize the notional amounts and fair value of the Company's hedges of net investments in foreign operations at December 31, 2013:

Foreign Exchange Forward Contracts (in thousands)	Notional Amounts Maturing in the Year		Fair Value Net Asset (Liability)
	2014	2015	December 31, 2013
Forward sale, 555.8 million euros	\$ 705,078	\$ 59,127	\$ (5,112)
Total foreign exchange forward contracts	\$ 705,078	\$ 59,127	\$ (5,112)

Cross Currency Basis Swaps (in thousands)	Notional Amounts Maturing in the Year					Fair Value Net Asset (Liability)
	2014	2015	2016	2017	2018	December 31, 2013
432.5 million Swiss francs at 0.93 pay Swiss francs three-month LIBOR receive U.S. dollar three-month LIBOR	\$ 90,084	\$ 63,417	\$ 112,045	\$ 112,045	\$ 107,003	\$ (18,106)
Total cross currency basis swaps	\$ 90,084	\$ 63,417	\$ 112,045	\$ 112,045	\$ 107,003	\$ (18,106)

Fair Value Hedges

The Company uses interest rate swaps to convert a portion of its fixed interest rate debt to variable interest rate debt. The Company has a group of U.S. dollar denominated interest rate swaps with an initial total notional value of \$150.0 million to effectively convert the underlying fixed interest rate of 4.1% on the Company's \$250.0 million PPN to variable rate for a term of five years, ending February 2016. The notional value of the swaps will decline proportionately as portions of the PPN mature. These interest rate swaps are designated as fair value hedges of the interest rate risk associated with the hedged portion of the fixed rate PPN. Accordingly, the Company will carry the portion of the hedged debt at fair value, with the change in debt and swaps offsetting each other in the Consolidated Statements of Operations. At December 31, 2013, the estimated net fair value of these interest rate swaps was an asset of \$2.4 million.

The following tables summarize the notional amounts and fair value of the Company's fair value hedges at December 31, 2013:

Interest Rate Swaps (in thousands)	Notional Amounts Maturing in the Year			Fair Value Net Asset (Liability)
	2014	2015	2016	December 31, 2013
U.S. dollar	\$ 45,000	\$ 60,000	\$ 45,000	\$ 2,359
Total interest rate swaps	\$ 45,000	\$ 60,000	\$ 45,000	\$ 2,359

The following tables summarize the fair value and location of the Company's derivatives on the Consolidated Balance Sheets at December 31, 2013 and 2012:

		December 31, 2013			
(in thousands)	Designated as Hedges	Prepaid Expenses and Other Current Assets	Other Noncurrent Assets, Net	Accrued Liabilities	Other Noncurrent Liabilities
	Foreign exchange forward contracts	\$ 1,517	\$ 255	\$ 10,280	\$ 940
	Commodity contracts	—	1	434	1
	Interest rate swaps	789	1,617	466	419
	Cross currency basis swaps	530	—	2,223	16,413
	Total	<u>\$ 2,836</u>	<u>\$ 1,873</u>	<u>\$ 13,403</u>	<u>\$ 17,773</u>
	Not Designated as Hedges				
	Foreign exchange forward contracts	\$ 3,128	\$ —	\$ 2,328	\$ —
	DIO equity option contracts	—	—	—	142
	Interest rate swaps	—	—	85	256
	Cross currency basis swaps	—	—	38,551	1,941
	Total	<u>\$ 3,128</u>	<u>\$ —</u>	<u>\$ 40,964</u>	<u>\$ 2,339</u>
		December 31, 2012			
(in thousands)	Designated as Hedges	Prepaid Expenses and Other Current Assets	Other Noncurrent Assets, Net	Accrued Liabilities	Other Noncurrent Liabilities
	Foreign exchange forward contracts	\$ 2,353	\$ 65	\$ 2,243	\$ 844
	Commodity contracts	—	—	95	—
	Interest rate swaps	2,192	2,535	525	948
	Cross currency basis swaps	8,191	—	97,281	1,588
	Total	<u>\$ 12,736</u>	<u>\$ 2,600</u>	<u>\$ 100,144</u>	<u>\$ 3,380</u>
	Not Designated as Hedges				
	Foreign exchange forward contracts	\$ 6,652	\$ —	\$ 1,353	\$ —
	DIO equity option contracts	—	—	—	153
	Interest rate swaps	—	—	114	416
	Cross currency basis swaps	537	—	40,026	55,858
	Total	<u>\$ 7,189</u>	<u>\$ —</u>	<u>\$ 41,493</u>	<u>\$ 56,427</u>

Balance Sheet Offsetting

Substantially all of the Company's derivative contracts are subject to netting arrangements, whereby the right to offset occurs in the event of default or termination in accordance with the terms of the arrangements with the counterparty. While these contracts contain the enforceable right to offset through netting arrangements, the Company elects to present them on a gross basis on the Consolidated Balance Sheets.

Offsetting of financial assets and liabilities under netting arrangements at December 31, 2013:

(in thousands)	Gross Amounts Recognized	Gross Amount Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received/Pledged	
Assets						
Foreign exchange forward contracts	\$ 4,900	\$ —	\$ 4,900	\$ (4,641)	\$ —	\$ 259
Commodity contracts	1	—	1	(1)	—	—
Interest rate swaps	2,406	—	2,406	(1,979)	—	427
Cross currency basis swaps	530	—	530	(530)	—	—
Total Assets	\$ 7,837	\$ —	\$ 7,837	\$ (7,151)	\$ —	\$ 686

(in thousands)	Gross Amounts Recognized	Gross Amount Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received/Pledged	
Liabilities						
Foreign exchange forward contracts	\$ 13,548	\$ —	\$ 13,548	\$ (3,467)	\$ —	\$ 10,081
Commodity contracts	435	—	435	(1)	—	434
DIO equity option contracts	142	—	142	—	—	142
Interest rate swaps	1,226	—	1,226	(62)	—	1,164
Cross currency basis swaps	59,128	—	59,128	(3,621)	—	55,507
Total Liabilities	\$ 74,479	\$ —	\$ 74,479	\$ (7,151)	\$ —	\$ 67,328

Offsetting of financial assets and liabilities under netting arrangements at December 31, 2012:

(in thousands)	Gross Amounts Recognized	Gross Amount Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received/Pledged	
Assets						
Foreign exchange forward contracts	\$ 9,070	\$ —	\$ 9,070	\$ (6,131)	\$ —	\$ 2,939
Interest rate swaps	4,727	—	4,727	(3,146)	—	1,581
Cross currency basis swaps	8,728	—	8,728	(7,821)	—	907
Total Assets	\$ 22,525	\$ —	\$ 22,525	\$ (17,098)	\$ —	\$ 5,427

(in thousands)	Gross Amounts Recognized	Gross Amount Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received/Pledged	
Liabilities						
Foreign exchange forward contracts	\$ 4,440	\$ —	\$ 4,440	\$ (2,339)	\$ —	\$ 2,101
Commodity contracts	95	—	95	—	—	95
DIO equity option contracts	153	—	153	—	—	153
Interest rate swaps	2,003	—	2,003	(1,339)	—	664
Cross currency basis swaps	194,753	—	194,753	(13,420)	—	181,333
Total Liabilities	\$ 201,444	\$ —	\$ 201,444	\$ (17,098)	\$ —	\$ 184,346

The following tables summarize the amount of gains (losses) recorded in the Company's Consolidated Statements of Operations related to the Company's cash flow hedges for the years ended December 31, 2013 and 2012:

(in thousands)	December 31, 2013		Affected Line Item in the Consolidated Statements of Operations	Effective Portion Reclassified from AOCI into Income
	Derivatives in Cash Flow Hedging	Gain (Loss) in AOCI		
Interest rate swaps		\$ (166)	Interest expense	\$ (3,681)
Foreign exchange forward contracts		(6,550)	Cost of products sold	1,184
Foreign exchange forward contracts		(294)	SG&A expenses	(147)
Commodity contracts		(1,004)	Cost of products sold	(288)
Total		\$ (8,014)		\$ (2,932)

Derivatives in Cash Flow Hedging (in thousands)	Affected Line Item in the Consolidated Statements of Operations	Ineffective Portion Recognized in Income
Foreign exchange forward contracts	Other expense (income), net	\$ 666
Commodity contracts	Interest expense	(56)
Total		\$ 610

December 31, 2012

Derivatives in Cash Flow Hedging (in thousands)	Gain (Loss) in AOCI	Affected Line Item in the Consolidated Statements of Operations	Effective Portion Reclassified from AOCI into Income
Interest rate swaps	\$ (1,987)	Interest expense	\$ (3,611)
Foreign exchange forward contracts	1,027	Cost of products sold	8,029
Foreign exchange forward contracts	80	SG&A expenses	779
Commodity contracts	472	Cost of products sold	136
Total	\$ (408)		\$ 5,333

Derivatives in Cash Flow Hedging (in thousands)	Affected Line Item in the Consolidated Statements of Operations	Ineffective Portion Recognized in Income
Foreign exchange forward contracts	Other expense (income), net	\$ 915
Commodity contracts	Interest expense	(25)
Total		\$ 890

The following tables summarize the amount of gains (losses) recorded in the Company's Consolidated Statements of Operations related to the Company's hedges of net investments for the years ended December 31, 2013 and 2012:

December 31, 2013

Derivatives in Net Investment Hedging (in thousands)	Gain (Loss) in AOCI	Affected Line Item in the Consolidated Statements of Operations	Gain (Loss) Recognized in Income
Cross currency basis swaps	\$ (36,035)	Interest income	\$ 4,771
		Interest expense	1,432
Foreign exchange forward contracts	(5,419)	Other expense (income), net	284
Total	\$ (41,454)		\$ 6,487

December 31, 2012

Derivatives in Net Investment Hedging (in thousands)	Gain (Loss) in AOCI	Affected Line Item in the Consolidated Statements of Operations	Gain (Loss) Recognized in Income
Cross currency basis swaps	\$ (34,216)	Interest income	\$ 4,264
		Interest expense	(1,885)
Total	\$ (34,216)		\$ 2,379

The following tables summarize the amount of gains (losses) recorded in the Company's Consolidated Statements of Operations related to the Company's hedges of fair value for the years ended December 31, 2013 and 2012:

Derivatives in Fair Value Hedging

(in thousands)	Affected Line Item in the Consolidated Statements of Operations	Gain (Loss) Recognized in Income	
		2013	2012
Interest rate swaps	Interest expense	\$ 320	\$ 2,284
Total		\$ 320	\$ 2,284

The following table summarizes the amounts of gains (losses) recorded in the Company's Consolidated Statements of Operations related to the Company's hedges not designated as hedging for the years ended December 31, 2013 and 2012:

Derivatives Not Designated as Hedging

(in thousands)	Affected Line Item in the Consolidated Statements of Operations	Gain (Loss) Recognized in Income	
		2013	2012
Foreign exchange forward contracts (a)	Other expense (income), net	\$ 6,733	\$ (1,224)
DIO equity option contracts	Other expense (income), net	17	272
Interest rate swaps	Interest expense	6	(155)
Cross currency basis swaps (a)	Other expense (income), net	15,483	12,323
Total		\$ 22,239	\$ 11,216

(a) The gains and losses on these derivative transactions offset the gains and losses generated by the revaluation of the underlying non-functional currency balances which are recorded in "Other expense (income), net" on the Consolidated Statements of Operations.

Amounts recorded in AOCI related to cash flow hedging instruments at:

(in thousands, net of tax)	December 31,	
	2013	2012
Beginning balance	\$ (17,481)	\$ (12,737)
Changes in fair value of derivatives	(6,234)	105
Reclassifications to earnings from equity	1,964	(4,849)
Total activity	(4,270)	(4,744)
Ending balance	\$ (21,751)	\$ (17,481)

Amounts recorded in AOCI related to hedges of net investments in foreign operations at:

(in thousands, net of tax)	December 31,	
	2013	2012
Beginning balance	\$ (71,358)	\$ (143,730)
Foreign currency translation adjustment	72,159	83,283
Changes in fair value of:		
Foreign currency debt	14,531	10,097
Derivative hedge instruments	(25,453)	(21,008)
Total activity	61,237	72,372
Ending balance	\$ (10,121)	\$ (71,358)

NOTE 18 - FAIR VALUE MEASUREMENT

The Company records financial instruments at fair value with unrealized gains and losses related to certain financial instruments reflected in AOCI on the Consolidated Balance Sheets. In addition, the Company recognizes certain liabilities at fair value. The Company applies the market approach for recurring fair value measurements. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. The Company believes the carrying amounts of cash and cash equivalents, accounts receivable (net of allowance for doubtful accounts), prepaid expenses and other current assets, accounts payable, accrued liabilities, income taxes payable and notes payable approximate fair value due to the short-term nature of these instruments. The Company estimated the fair value and carrying value of its total long-term debt, including current portion, was \$1,387.7 million and \$1,370.8 million, respectively, at December 31, 2013. At December 31, 2012, the Company estimated the fair value and carrying value was \$1,515.2 million and \$1,472.9 million, respectively. The interest rate on the \$450.0 million Senior Notes, the \$300.0 million Senior Notes, and the \$250.0 million Private Placement Notes are fixed rates of 4.2%, 2.8% and 4.1%, respectively, and their fair value is based on the interest rates at December 31, 2013. The interest rates on variable rate term loan debt and commercial paper are consistent with current market conditions, therefore the fair value of these instruments approximates their carrying values.

The following tables set forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis at December 31, 2013 and 2012, which are classified as "Cash and cash equivalents," "Prepaid expenses and other current assets," "Long-Term investments," "Other noncurrent assets, net," "Accrued liabilities," and "Other noncurrent liabilities" on the Consolidated Balance Sheets. Financial assets and liabilities that are recorded at fair value as of the balance sheet date are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

(in thousands)	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Assets				
Interest rate swaps	\$ 2,406	\$ —	\$ 2,406	\$ —
Commodity contracts	1	—	1	—
Cross currency basis swaps	530	—	530	—
Foreign exchange forward contracts	4,900	—	4,900	—
Corporate convertible bonds	70,019	—	—	70,019
Total assets	\$ 77,856	\$ —	\$ 7,837	\$ 70,019
Liabilities				
Interest rate swaps	\$ 1,226	\$ —	\$ 1,226	\$ —
Commodity contracts	435	—	435	—
Cross currency basis swaps	59,128	—	59,128	—
Foreign exchange forward contracts	13,548	—	13,548	—
Long-term debt	152,370	—	152,370	—
DIO equity option contracts	142	—	—	142
Total liabilities	\$ 226,849	\$ —	\$ 226,707	\$ 142

(in thousands)	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Assets				
Interest rate swaps	\$ 4,727	\$ —	\$ 4,727	\$ —
Cross currency basis swaps	8,728	—	8,728	—
Foreign exchange forward contracts	9,070	—	9,070	—
Corporate convertible bonds	75,143	—	—	75,143
Total assets	<u>\$ 97,668</u>	<u>\$ —</u>	<u>\$ 22,525</u>	<u>\$ 75,143</u>
Liabilities				
Interest rate swaps	\$ 2,003	\$ —	\$ 2,003	\$ —
Commodity contracts	95	—	95	—
Cross currency basis swaps	194,753	—	194,753	—
Foreign exchange forward contracts	4,440	—	4,440	—
Long-term debt	154,560	—	154,560	—
DIO equity option contracts	153	\$ —	—	153
Total liabilities	<u>\$ 356,004</u>	<u>\$ —</u>	<u>\$ 355,851</u>	<u>\$ 153</u>

Derivative valuations are based on observable inputs to the valuation model including interest rates, foreign currency exchange rates, future commodities prices and credit risks. The commodity contracts, certain interest rate swaps and foreign exchange forward contracts are considered cash flow hedges and certain cross currency interest rate swaps are considered hedges of net investment in foreign operations as discussed in Note 17, Financial Instruments and Derivatives.

The Company uses the income method valuation technique to estimate the fair value of the corporate bonds. The significant unobservable inputs for valuing the corporate bonds are DIO Corporation's stock volatility factor of approximately 40% and corporate bond rating which implies an approximately 15% discount rate on the valuation model. Significant observable inputs used to value the corporate bonds include foreign exchange rates and DIO Corporation's period-ending market stock price.

The Company has valued the DIO equity option contracts using a Monte Carlo simulation which uses several estimates and probability assumptions by management including the future stock price, the stock price as a multiple of DIO earnings and the probability of the sellers to reduce their shares held by selling into the open market. Changes in the fair value of the DIO equity option contracts are reported in "Other expense (income), net" on the Consolidated Statements of Operations.

For the year ended December 31, 2013, there were no purchases, issuances or transfers of Level 3 financial instruments.

The following table presents a reconciliation of the Company's Level 3 holdings measured at fair value on a recurring basis using unobservable inputs:

(in thousands)	Corporate Convertible Bonds	DIO Equity Options Contracts
Balance at December 31, 2012	\$ 75,143	\$ (153)
Unrealized loss:		
Reported in AOCI	(7,592)	—
Unrealized gain:		
Reported in other expense (income), net	—	17
Effect of exchange rate changes	2,468	(6)
Balance at December 31, 2013	<u>\$ 70,019</u>	<u>\$ (142)</u>

NOTE 19 - COMMITMENTS AND CONTINGENCIES

Leases

The Company leases automobiles and machinery and equipment and certain office, warehouse and manufacturing facilities under non-cancellable leases. The leases generally require the Company to pay insurance, taxes and other expenses related to the leased property. Total rental expense for all operating leases was \$39.7 million, \$42.3 million and \$39.0 million for 2013, 2012 and 2011, respectively.

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

(in thousands)

2014	\$	35,002
2015		25,679
2016		20,496
2017		16,475
2018		14,350
2019 and thereafter		20,149
	\$	<u>132,151</u>

Litigation

On June 18, 2004, Marvin Weinstat, DDS and Richard Nathan, DDS filed a class action suit in San Francisco County, California alleging that the Company misrepresented that its Cavitron® ultrasonic scalers are suitable for use in oral surgical procedures. The Complaint seeks a recall of the product and refund of its purchase price to dentists who have purchased it for use in oral surgery. The Court certified the case as a class action in June 2006 with respect to the breach of warranty and unfair business practices claims. The class that was certified is defined as California dental professionals who, at any time during the period beginning June 18, 2000 through September 14, 2012, purchased and used one or more Cavitron® ultrasonic scalers for the performance of oral surgical procedures on their patients, which Cavitrons® were accompanied by Directions for Use that “Indicated” Cavitron® use for “periodontal debridement for all types of periodontal disease.” The case went to trial in September 2013, and on January 22, 2014, the San Francisco Superior Court issued its decision in the Company’s favor, rejecting all of the plaintiffs’ claims.

On December 12, 2006, a Complaint was filed by Carole Hildebrand, DDS and Robert Jaffin, DDS in the Eastern District of Pennsylvania (the Plaintiffs subsequently added Dr. Mitchell Goldman as a named class representative). The case was filed by the same law firm that filed the Weinstat case in California. The Complaint asserts putative class action claims on behalf of dentists located in New Jersey and Pennsylvania. The Complaint seeks damages and asserts that the Company’s Cavitron® ultrasonic scaler was negligently designed and sold in breach of contract and warranty arising from misrepresentations about the potential uses of the product because it cannot assure the delivery of potable or sterile water. Following dismissal of the case for lack of jurisdiction, the plaintiffs filed a second complaint under the name of Dr. Hildebrand’s corporate practice, Center City Periodontists.. The Company’s motion to dismiss this new complaint was denied and the case will now proceed under the name “Center City Periodontists.” The Court subsequently granted the Company’s Motion and dismissed plaintiffs’ New Jersey Consumer Fraud and negligent design claims, leaving only a breach of express warranty claim. The plaintiffs have moved to have the case certified as a class action, to which the Company has objected and filed its brief.

On January 20, 2014, the Company was served with a *qui tam* complaint filed by two former and one current employee of the Company under the Federal False Claims Act and equivalent state and city laws. The lawsuit was previously under seal in the U.S. District Court for the Eastern District of Pennsylvania. The complaint alleges, among other things, that the Company engaged in various illegal marketing activities, and thereby caused dental and other healthcare professionals to file false claims for reimbursement with Federal and State governments. The relators seek injunctive relief, fines, treble damages, and attorneys’ fees and costs. On January 27, 2014, the United States filed with the Court a notice that it had elected not to intervene in the *qui tam* action at this time. The United States’ notice indicated that the named state and city co-plaintiffs had authorized the United States to communicate to the Court that they also had decided not to intervene at this time. These non-intervention decisions do not prevent the *qui tam* relators from litigating this action, and the United States and/or the named states and/or cities may seek to

intervene in the action at a later time. The Company is reviewing the allegations in the complaint and intends to vigorously defend itself in the litigation.

The Company does not believe a loss is probable related to the above litigation. Further a reasonable estimate of a possible range of loss cannot be made. In the event that one or more of these matters is unfavorably resolved, it is possible the Company's results from operations could be materially impacted.

In 2012, the Company received subpoenas from the United States Attorney's Office for the Southern District of Indiana (the "USAO") and from the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") requesting documents and information related to compliance with export controls and economic sanctions regulations by certain of its subsidiaries. The Company has voluntarily contacted OFAC and the Bureau of Industry and Security of the United States Department of Commerce ("BIS"), in connection with these matters as well as regarding compliance with export controls and economic sanctions regulations by certain other business units of the Company identified in connection with an ongoing internal review by the Company. The Company is cooperating with the USAO, OFAC and BIS with respect to these matters.

At this stage of the inquiries, the Company is unable to predict the ultimate outcome of these matters or what impact, if any, the outcome of these matters might have on the Company's consolidated financial position, results of operations or cash flows. Violations of export control or economic sanctions laws or regulations could result in a range of governmental enforcement actions, including fines or penalties, injunctions and/or criminal or other civil proceedings, which actions could have a material adverse effect on the Company's reputation, business, financial condition and results of operations. At this time, no claims have been made against the Company.

In addition to the matters disclosed above, the Company is, from time to time, subject to a variety of litigation and similar proceedings incidental to its business. These legal matters primarily involve claims for damages arising out of the use of the Company's products and services and claims relating to intellectual property matters including patent infringement, employment matters, tax matters, commercial disputes, competition and sales and trading practices, personal injury and insurance coverage. The Company may also become subject to lawsuits as a result of past or future acquisitions or as a result of liabilities retained from, or representations, warranties or indemnities provided in connection with, divested businesses. Some of these lawsuits may include claims for punitive and consequential, as well as compensatory damages. Based upon the Company's experience, current information and applicable law, it does not believe that these proceedings and claims will have a material adverse effect on its consolidated results of operations, financial position or liquidity. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, or other similar matters, if unfavorable, may be materially adverse to the Company's business, financial condition, results of operations or liquidity.

While the Company maintains general, products, property, workers' compensation, automobile, cargo, aviation, crime, fiduciary and directors' and officers' liability insurance up to certain limits that cover certain of these claims, this insurance may be insufficient or unavailable to cover such losses. In addition, while the Company believes it is entitled to indemnification from third parties for some of these claims, these rights may also be insufficient or unavailable to cover such losses.

Purchase and Other Commitments

From time to time, the Company enters into long-term inventory purchase commitments with minimum purchase requirements for raw materials and finished goods to ensure the availability of products for production and distribution. These commitments may have a significant impact on levels of inventory maintained by the Company.

The Company has employment agreements with its executive officers. These agreements generally provide for salary continuation for a specified number of months under certain circumstances. If all of the employees under contract were to be terminated by the Company without cause, as defined in the agreements, the Company's liability would be approximately \$15.8 million at December 31, 2013.

The Company is required to complete the purchase of the remaining shares of one VIE, acquired in 2008, during 2014. The final purchase price is subject to adjustments but is currently expected to be approximately 62.0 million euros.

QUARTERLY FINANCIAL INFORMATION (UNAUDITED)
DENTSPLY INTERNATIONAL INC.
Quarterly Financial Information (Unaudited)

(in thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Rounding	Total Year
<u>2013</u>						
Net sales	\$ 732,084	\$ 761,010	\$ 704,018	\$ 753,658	\$ —	\$ 2,950,770
Gross profit	388,200	414,956	376,417	397,839	—	1,577,412
Operating income	93,858	122,866	105,021	97,421	—	419,166
Net income attributable to						
DENTSPLY International	71,685	87,228	79,851	74,428	—	313,192
Earnings per common share - basic	\$ 0.50	\$ 0.61	\$ 0.56	\$ 0.52	\$ 0.01	\$ 2.20
Earnings per common share - diluted	\$ 0.49	\$ 0.60	\$ 0.55	\$ 0.51	\$ 0.01	\$ 2.16
Cash dividends declared per common share	\$ 0.0625	\$ 0.0625	\$ 0.0625	\$ 0.0625	\$ —	\$ 0.25
<u>2012</u>						
Net sales	\$ 716,413	\$ 762,994	\$ 695,734	\$ 753,288	\$ —	\$ 2,928,429
Gross profit	392,750	407,469	364,115	392,053	—	1,556,387
Operating income	87,160	108,907	88,666	97,207	(1)	381,939
Net income attributable to						
DENTSPLY International	53,284	80,764	53,364	126,800	1	314,213
Earnings per common share - basic	\$ 0.38	\$ 0.57	\$ 0.38	\$ 0.89	\$ —	\$ 2.22
Earnings per common share - diluted	\$ 0.37	\$ 0.56	\$ 0.37	\$ 0.88	\$ —	\$ 2.18
Cash dividends declared per common share	\$ 0.055	\$ 0.055	\$ 0.055	\$ 0.055	\$ —	\$ 0.220

Net sales, excluding precious metal content, were \$672.6 million, \$716.0 million, \$669.4 million and \$713.7 million, respectively, for the first, second, third and fourth quarters of 2013. Net sales, excluding precious metal content, were \$665.6 million, \$698.5 million, \$647.1 million and \$703.5 million, respectively, for the first, second, third and fourth quarters of 2012. This measurement should be considered a non-US GAAP measure as discussed further in Management's Discussion and Analysis of Financial Condition and Results of Operations.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ Bret W. Wise
Bret W. Wise
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ <u>Bret W. Wise</u>	February 20, 2014
Bret W. Wise Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	Date
/s/ <u>Christopher T. Clark</u>	February 20, 2014
Christopher T. Clark President and Chief Financial Officer (Principal Financial and Accounting Officer)	Date
/s/ <u>Dr. Michael C. Alfano</u>	February 20, 2014
Dr. Michael C. Alfano Director	Date
/s/ <u>Eric K. Brandt</u>	February 20, 2014
Eric K. Brandt Director	Date
/s/ <u>Paula H. Cholmondeley</u>	February 20, 2014
Paula H. Cholmondeley Director	Date
/s/ <u>Michael J. Coleman</u>	February 20, 2014
Michael J. Coleman Director	Date

/s/	<i>Willie A. Deese</i>	February 20, 2014
	Willie A. Deese	Date
	Director	
/s/	<i>William F. Hecht</i>	February 20, 2014
	William F. Hecht	Date
	Director	
/s/	<i>Leslie A. Jones</i>	February 20, 2014
	Leslie A. Jones	Date
	Director	
/s/	<i>Francis J. Lunger</i>	February 20, 2014
	Francis J. Lunger	Date
	Director	
/s/	<i>John L. Miclot</i>	February 20, 2014
	John L. Miclot	Date
	Director	
/s/	<i>John C. Miles II</i>	February 20, 2014
	John C. Miles II	Date
	Director	

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF

DENTSPLY International Inc.

The present name of the corporation is DENTSPLY International Inc. (the “Corporation”) and the name under which the Corporation was originally incorporated is Gendex Corporation. The date of filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was February 15, 1983. This Amended and Restated Certificate of Incorporation of the Corporation, which restates and integrates and also further amends the provisions of the Corporation’s Certificate of Incorporation, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware. The Certificate of Incorporation is hereby amended, integrated and restated to read in its entirety as follows:

1. The name of the corporation is DENTSPLY International Inc.
2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the registered agent at such address is The Corporation Trust Company.
3. The nature and business or purposes to be conducted or promoted is:
To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- 4A. Number of Shares and Classes. The aggregate number of shares of stock which the corporation shall have authority to issue is Two Hundred Million Two Hundred Fifty Thousand (200,250,000) shares, which shall be divided into two classes as follows:
 - (1) Two Hundred Million (200,000,000) shares of Common Stock, the par value of each of such shares is One Cent (\$.01), amounting in the aggregate to Two Million Dollars (\$2,000,000.00); and
 - (2) Two Hundred Fifty Thousand (250,000) shares of Preferred Stock, the par value of each of which shares is One Dollar (\$1.00), amounting in the aggregate to Two Hundred Fifty Thousand Dollars (\$250,000.00).
- 4B. Preferred Stock. The corporation’s board of directors is hereby expressly authorized to provide by resolution or resolutions from time to time for the issue of the Preferred Stock in one or more series, the shares of each of which series may have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualification, limitations or restrictions thereof, as shall be permitted under the General Corporation Law of the State of Delaware and as shall be stated in the resolution or resolutions providing for the issue of such stock adopted by the board of directors pursuant to the authority expressly vested in the board of directors hereby.

4C. Common Stock.

- (1) Voting. Except as otherwise required by the General Corporation Law of the State of Delaware, this Amended and Restated Certificate of Incorporation or any series of Preferred Stock designated by the board of directors, all of the voting power of the corporation shall be vested in the holders of the Common Stock and each holder of the Common Stock shall have one (1) vote for each share of such Common Stock held by him of record on all matters voted upon by the Stockholders.
 - (2) Dividends. Whenever all accrued dividends on any series of Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside, the board of directors of the corporation may declare a dividend on the Common Stock out of the remaining unreserved and unrestricted surplus of the corporation, and the holders of the Common Stock shall share ratably in such dividend in proportion to the number of shares of such Common Stock held by each.
 - (3) Liquidation. Except as otherwise required by any series of Preferred Stock designated by the board of directors, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation, after distribution in full of the preferential amounts to be distributed to the holders of any series of Preferred Stock, the remaining assets of the corporation shall be distributed ratably among the holders of the Common Stock in proportion to the number of shares of such Common Stock held by each.
5. The business and affairs of the corporation shall be managed by or under the direction of a board of directors consisting of such number of directors as is determined from time to time by resolution adopted by affirmative vote of a majority of the entire board of directors; provided, however, that in no event shall the number of directors be less than three (3). The term of office for the class of directors elected in 2011 shall expire at the annual meeting of stockholders to be held in 2014, the term of office for the class of directors elected in 2012 shall expire at the annual meeting of stockholders to be held in 2015, and the term of office for the class of directors elected in 2013 shall expire at the annual meeting of stockholders to be held in 2016, with the members of each class to hold office until their successors are elected and qualified. Commencing at the annual meeting of stockholders to be held in 2014, directors succeeding those whose terms are then expired shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the year following the year of their election and until their successors are elected and qualified. Commencing with the annual meeting of stockholders to be held in 2016, the classification of the board of directors shall terminate and all directors shall be of one class. Any additional director elected to fill a vacancy resulting from an increase in the number of directors shall hold office until the next annual meeting of stockholders, 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. 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 in 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. A director may be removed only for cause by the stockholders.

6. The corporation is to have perpetual existence.
7. Notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or the corporation's by-laws (and notwithstanding the fact that some lesser percentage may be specified by law, this Amended and Restated Certificate of Incorporation or the corporation's by-laws, this Amended and Restated Certificate of Incorporation or the corporation's by-laws), the corporation's by-laws may be amended, altered or repealed, and new by-laws enacted, only by the affirmative vote of not less than two-thirds (2/3) of the outstanding shares of capital stock of the corporation entitled to vote at a meeting of stockholders duly called for such purpose, or by a vote of not less than three-quarters (3/4) of the entire board of directors then in office.
8. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.
9. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit.
10. The stockholders of the corporation shall have no authority to call a special meeting of the stockholders.
11. No action required to be taken or which may be taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting, and the power of the stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

IN WITNESS WHEREOF, DENTSPLY International Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by Deborah M. Rasin, its Vice President, Secretary and General Counsel this 10th day of July, 2013.

DENTSPLY International Inc.

By: /s/ Deborah M. Rasin

Deborah M. Rasin

Vice President, Secretary and General Counsel

DENTSPLY International Inc.

AMENDED AND RESTATED BY-LAWS

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AMENDED AND RESTATED BY-LAWS

OF

DENTSPLY INTERNATIONAL INC.

(formerly GENDEX Corporation)

ARTICLE I

STOCKHOLDERS' MEETINGS

Section 1. Annual Meetings. 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, shall be held on such date and at such time as shall be designated from time to time by the Board of Directors.

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, date 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.

(c) 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.

(d) 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, any meeting of the stockholders may be adjourned 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 corporation'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. No business may be transacted at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise properly brought before the annual meeting by any stockholder of the corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 11 and on the record date for the determination of stockholders entitled to notice of and to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 11.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of

the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of such stockholder and any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom, (ii) the name and record address of such stockholder, (iii) as to the stockholder giving the notice and any Stockholder Associated Person, (A) the class, series and number of all shares of stock of the corporation which are owned by such stockholder and by such Stockholder Associated Person, if any, (B) the nominee holder for, and number of, shares owned beneficially but not of record by such stockholder and by any such Stockholder Associated Person, and (C) any derivative positions held or beneficially held by the stockholder and by any such Stockholder Associated Person and whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder or any such Stockholder Associated Person with respect to any share of stock of the corporation; (iv) as to the stockholder giving the notice and any Stockholder Associated Person covered by clause (iii) of this paragraph, the name and address of such stockholder, as they appear on the corporation's stock ledger, and current name and address, if different, and of such Stockholder Associated Person; (v) a description of all proxy, contract, arrangement, understanding, or relationship between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; and (vi) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at the annual meeting except business brought before the annual meeting in accordance with the procedures set forth in this Section 11; provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 11 shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

For purposes of this Section 11 and of Section 12 of this Article I, "Stockholder Associated Person" of any stockholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

Section 12. Procedure for Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the corporation, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 12 and on the record date for the determination of stockholders entitled to notice of and to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 12.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the corporation (a) in the case of an annual meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice and any Stockholder Associated Person, (i) the name and record address of such stockholder, (ii) the class, series and number of all shares of stock of the corporation which are owned by such stockholder and by such Stockholder Associated Person, if any, (iii) the nominee holder for, and number of, shares owned beneficially but not of record by such stockholder and

by any such Stockholder Associated Person, (iv) any derivative positions held or beneficially held by the stockholder and by any such Stockholder Associated Person and whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder or any such Stockholder Associated Person with respect to any share of stock of the corporation, (v) a description of all arrangements or understandings between such stockholder or any such Stockholder Associated Person and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (vi) as to the stockholder giving the notice, a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (vii) any other information relating to the stockholder giving the notice that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this Section 12. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 13. Election of Directors. Except as provided in Section 8 of Article II of these bylaws, a nominee for director shall be elected to the Board of Directors if the votes cast for such nominee's election exceed the votes cast against such nominee's election; provided, however, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which (i) the Secretary of the Corporation receives a notice that a stockholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for stockholder nominees for director set forth in Article I, Section 12 of these bylaws and (ii) such nomination has not been withdrawn by such stockholder on or prior to the fourteenth day before the date the Corporation first mails to the stockholders its notice of such meeting. If directors are to be elected by a plurality of the votes cast, stockholders shall not be permitted to vote against a nominee, but only to withhold their vote.

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 thirteen (13), as determined from time to time by the Board of Directors. The directors need not be stockholders of the corporation. Effective immediately upon the filing of the Certificate of Amendment to the Restated Certificate of Incorporation of the corporation, the term of office for the class of directors elected in 2011 shall expire at the annual meeting of stockholders to be held in 2014, the term of office for the class of directors elected in 2012 shall expire at the annual meeting of stockholders to be held in 2015, and the term of office for the class of directors elected in 2013 shall expire at the annual meeting of stockholders to be held in 2016, with the members of each class to hold office until their successors are elected and qualified. Commencing at the annual meeting of stockholders to be held in 2014, directors succeeding those whose terms are then expired shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the year following the year of their election and until their successors are elected and qualified. Commencing with the annual meeting of stockholders to be held in 2016, the classification of the board of directors shall terminate and all directors shall be of one class. Any additional director elected to fill a vacancy resulting from an increase in the number of directors shall hold office until the next annual meeting of stockholders, 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. 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 in 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. A director may be removed only for cause by the stockholders.

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. Action of the Board by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a 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 Section 14 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

STOCK AND TRANSFER OF STOCK

Section 1. Shares of Stock. The shares of capital stock of the corporation shall be represented by a certificate, unless and until the Board of Directors of the corporation adopts a resolution permitting shares to be uncertificated. Notwithstanding the adoption of any such resolution providing for uncertificated shares, every holder of capital stock of the corporation theretofore represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to have a certificate for shares of capital stock of the corporation signed by the Chief Executive Officer or the President and by the Secretary. To the extent that shares are represented by certificates, the certificates shall be in such form as shall be determined by the Board of Directors and 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. With respect to certificated shares of stock, all certificates surrendered to the corporation for transfer shall be canceled and no new certificate or uncertificated shares 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 certificate or uncertificated shares may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

Section 2. Transfer of Shares. Stock of the corporation shall be transferable in the manner prescribed by applicable law and in these By-Laws. Transfers of stock shall be made on the books of the corporation, and in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement, compliance or payment of taxes shall not be required in any case in which the officers of the corporation shall determine to waive such requirement. Prior to due presentment for registration of transfer of a certificate representing shares of capital stock of the corporation or of proper transfer instructions with respect to uncertificated shares, 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:

(d) 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;

(e) 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

(f) 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 indemnitees, 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 and advancement of expenses 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.

\$175,000,000

CREDIT AGREEMENT

dated as of

August 26, 2013

among

DENTSPLY INTERNATIONAL INC.
The Lenders Party Hereto

PNC BANK, NATIONAL ASSOCIATION
as Administrative Agent

TD SECURITIES (USA) LLC
as Managing Agent

PNC CAPITAL MARKETS LLC
as Sole Bookrunner and Sole Lead Arranger

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SCHEDULES:

- Schedule 2.01 – Commitments
- Schedule 6.01 – Existing Liens
- Schedule 6.04 – Existing Debt
- Schedule 9.01 – Notices

EXHIBITS:

- Exhibit A – Form of Assignment and Assumption
- Exhibit B – Form of Opinion of General Counsel to Borrower
- Exhibit C – Form of Tax Certifications
- Exhibit D – List of Closing Documents

CREDIT AGREEMENT (this “Agreement”) dated as of August 26, 2013 among DENTSPLY INTERNATIONAL INC., the LENDERS from time to time party hereto and PNC BANK, NATIONAL ASSOCIATION, as Administrative Agent.

The parties hereto agree as follows:

Article I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR”, when used in reference to any Loan or Borrowing, refers to a Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Alternate Base Rate.

“Adjusted LIBO Rate” means, with respect to any Eurocurrency Borrowing for any Interest Period, the interest rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1% per annum) (a) the rate which appears on the Bloomberg Page BBAM1 (or such other substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Administrative Agent which has been approved by the British Bankers’ Association as an authorized information vendor for the purpose of displaying rates at which US dollar deposits are offered by leading banks in the London interbank deposit market (for purposes of this definition, an “Alternate Source”), at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for U.S. Dollars for an amount comparable to such Eurocurrency Borrowing and having a borrowing date and a maturity comparable to such Interest Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any Alternate Source, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error)), by (b) a number equal to 1.00 minus the Statutory Reserve Rate. The Adjusted LIBO Rate may also be expressed by the following formula:

$$\text{Adjusted LIBO Rate} = \frac{\text{London interbank offered rate quoted by Bloomberg or appropriate successor as shown on Bloomberg Page BBAM1}}{1.00 - \text{Statutory Reserve Rate}}$$

The Adjusted LIBO Rate shall be adjusted with respect to any Eurocurrency Loan that is outstanding on the effective date of any change in the Statutory Reserve Rate as of such effective date. The Administrative Agent shall give prompt notice to the Borrower of the Adjusted LIBO Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

“Administrative Agent” means PNC Bank, National Association (including its branches and affiliates), in its capacity as administrative agent for the Lenders hereunder.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agreement” has the meaning assigned to such term in the preamble.

“Alternate Base Rate” means, for any day, a fluctuating per annum rate of interest equal to the highest of (a) the Prime Rate, (b) the Federal Funds Open Rate, plus 0.5% and (c) the Daily LIBOR Rate, plus 100 basis points (1.0%). Any change in the Alternate Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs).

“Anti-Terrorism Laws” means any Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws, all as amended, supplemented or replaced from time to time.

“Applicable Percentage” means, with respect to any Lender, (a) until the funding of the Loans on the Effective Date, the percentage which such Lender’s Commitment constitutes of the aggregate Commitments of all of the Lenders and (b) thereafter, the percentage which the principal amount of such Lender’s Loan constitutes of the aggregate principal amount of the Loans of all of the Lenders then outstanding.

“Applicable Rate” means, for any day, with respect to any Eurocurrency Loan or any ABR Loan, as the case may be, the applicable rate per annum set forth below under the caption “Eurocurrency Spread” or “ABR Spread”, as the case may be, based upon the Index Debt Rating applicable on such date:

	Index Debt Ratings (Moody's/S&P):	Eurocurrency Spread	ABR Spread
<u>Category 1:</u>	A2/A or higher	0.875%	0%
<u>Category 2:</u>	A3/A-	1.00%	0%
<u>Category 3:</u>	Baa1/BBB+	1.125%	0.125%
<u>Category 4:</u>	Baa2/BBB	1.25%	0.25%
<u>Category 5:</u>	Baa3/BBB-	1.75%	0.75%
<u>Category 6:</u>	Less than Baa3/BBB-	2.50%	1.50%

For purposes of the foregoing, (i) if either Moody's or S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a rating in Category 6; (ii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall fall within different Categories, the Applicable Rate shall be based on the higher of the two ratings unless one of the two ratings is two or more Categories lower than the other, in which case the Applicable Rate shall be determined by reference to the Category next below that of the higher of the two ratings; and (iii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency, irrespective of when notice of such change shall have been furnished by the Borrower to the Administrative Agent and the Lenders. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.

“Approved Fund” has the meaning assigned to such term in Section 9.04.

“Assignment and Assumption” means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“Banking Services” means each and any of the following bank services provided to the Borrower or any Subsidiary by any Lender or any of its Affiliates: (a) credit cards for commercial customers (including, without limitation, commercial credit cards and purchasing cards), (b) stored

value cards and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

“Banking Services Agreement” means any agreement entered into by the Borrower or any Subsidiary in connection with Banking Services.

“Borrower” means DENTSPLY International, Inc., a Delaware corporation.

“Borrowing” means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

“Borrowing Request” means a request by the Borrower for a Borrowing in accordance with Section 2.07.

“Business Day” means any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in Pittsburgh, Pennsylvania and if the applicable Business Day relates to any Eurocurrency Loan, such day must also be a day on which dealings are carried on in the London interbank market.

“Change in Law” means (a) the adoption or taking effect of any Law on or after the date of this Agreement, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority on or after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender’s holding company, if any) with any request, rule, guideline or directive (whether or not having the force of Law) of any Governmental Authority made or issued on or after the date of this Agreement; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations, policies or directives thereunder or issued or promulgated in connection therewith and (y) all requests, rules, regulations, guidelines, interpretations or directives issued or promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, promulgated or issued.

“CIP Regulations” has the meaning specified in Section 8.09.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commitment” means, with respect to any Lender, the commitment of such Lender to make a Loan on the Effective Date pursuant to Section 2.01 in an amount not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 hereto. The aggregate amount of the Commitments on the Effective Date is \$175,000,000.

“Consignment Agreements” means, collectively, (i) that certain Consignment Agreement dated as of February 15, 2002 by and between OMG AG & Co. KG and the Borrower, (ii) that

certain Consignment Agreement dated as of December 15, 2005 by and between ABN Amro Bank N.V., Australian Branch and the Borrower, (iii) that certain Consignment and Forward Contracts Agreement dated as of December 20, 2001 by and between The Bank of Nova Scotia and the Borrower, (iv) that certain Consignment Agreement dated as of January 30, 2002 by and between Dresdner Bank AG, Frankfurt and the Borrower, (v) that certain Consignment Agreement dated as of December 20, 2001 by and between JPMorgan Chase Bank and the Borrower and (vi) that certain Consignment Agreement dated as of December 20, 2001 by and between Mitsui & Co., Precious Metals Inc. and the Borrower, in each case as each may be amended, restated, supplemented or otherwise modified from time to time.

“Consolidated” refers to the consolidation of accounts in accordance with GAAP.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Covered Entity” means (a) the Borrower, each of the Borrower’s Subsidiaries, all guarantors and all pledgors of collateral and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise; provided that, no JV Owner shall be deemed to have control of such Person unless such JV Owner is considered to have control of such Person pursuant to clause (v) above.

“Credit Event” means the Borrowing on the Effective Date.

“Daily LIBOR Rate” means, for any day, the rate per annum determined by the Administrative Agent by dividing (a) the Published Rate by (b) a number equal to 1.00 minus the Statutory Reserve Rate on such day.

“Debt” of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all obligations of such Person in respect of Swap Agreements, (h) all Debt of others referred to in clauses (a) through (g) above or clause (i) below and other payment obligations (collectively, “Guaranteed Debt”) guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through

an agreement (1) to pay or purchase such Guaranteed Debt or to advance or supply funds for the payment or purchase of such Guaranteed Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Guaranteed Debt or to assure the holder of such Guaranteed Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (i) all Debt referred to in clauses (a) through (h) above (including Guaranteed Debt) secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt.

“Debt for Borrowed Money” of any Person means all items that, in accordance with GAAP, would be classified as indebtedness on a Consolidated balance sheet of such Person, provided that Debt for Borrowed Money of the Borrower and its Subsidiaries shall not include Debt incurred in connection with the Consignment Agreements relating to the consignment of precious metals between the Borrower and certain counterparties.

“Default” means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

“Dollars” or “\$” refers to lawful money of the United States of America.

“EBITDA” means, for any period, net income (or net loss) plus the sum of (a) interest expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, (e) other non-cash charges (less unusual or non-recurring non-cash income or gains) and (f) any extraordinary, non-recurring or unusual fees, expenses or other charges incurred in connection with any acquisition by the Borrower or a Subsidiary (including the issuance or repayment of Debt related to such acquisition), and any corporate reorganization and integration activities which are related to such acquisition, in each case determined in accordance with GAAP for such period.

“Effective Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

“Environmental Action” means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

“Environmental Law” means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including,

without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Environmental Permit” means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any Person that for purposes of Title IV of ERISA is a member of the Borrower’s controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Code.

“ERISA Event” means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Borrower or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

“Eurocurrency”, when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

“Event of Default” has the meaning specified in Section 7.01.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located, (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender’s failure to comply with Section 2.17(f), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) and (d) any United States of America withholding tax that is imposed by FATCA.

“Existing Debt” has the meaning specified in Section 6.04(b).

“FATCA” means Sections 1471 through 1474 of the Code, as amended, and any regulations or official interpretations thereof.

“Federal Funds Effective Rate” for any day means the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the “Federal Funds Effective Rate” as of the date of this Agreement; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the “Federal Funds Effective Rate” for such day shall be the Federal Funds Effective Rate for the last day on which such rate was announced.

“Federal Funds Open Rate” for any day means the rate per annum (based on a year of 360 days and actual days elapsed) which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as set forth on the Bloomberg Screen BTMM for that day opposite the caption “OPEN” (or on such other substitute Bloomberg Screen that displays such rate), or as set forth on such other recognized electronic source used for the purpose of displaying such rate as selected by the Administrative Agent (for purposes of this definition, an “Alternate Source”) (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there shall at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error); provided however, that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the “open” rate on the immediately preceding Business Day. If

and when the Federal Funds Open Rate changes, the rate of interest with respect to any advance to which the Federal Funds Open Rate applies will change automatically without notice to the Borrower, effective on the date of any such change.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

“Foreign Lender” means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“GAAP” has the meaning specified in Section 1.04.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state, local or foreign, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Hazardous Materials” means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Index Debt” means senior, unsecured, long-term indebtedness for borrowed money of the Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

“Information” has the meaning specified in Section 9.12.

“Interest Election Request” means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.08.

“Interest Payment Date” means (a) with respect to any ABR Loan, the last day of each March, June, September and December and the Maturity Date, and (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period and the Maturity Date.

“Interest Period” means with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which

case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurocurrency Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the Effective Date, and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“JV Owner” means each Person (other than the Borrower or a Subsidiary of the Borrower) that, directly or indirectly, owns or has the power to vote equity interests having ordinary voting power for the election of directors, or other Persons performing similar functions, of a JV Sub.

“JV Sub” means a Subsidiary of the Borrower in which the Borrower owns less than 100% of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person.

“Law” shall mean any law(s) (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, issued guidance, release, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or any settlement arrangement, by agreement, consent or otherwise, with any Governmental Authority, foreign or domestic.

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become a Lender hereunder pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

“Lien” means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

“Loan” has the meaning assigned to such term in Section 2.01 hereof; collectively, the “Loans”.

“Loan Documents” means this Agreement, any Notes, and any and all other agreements, instruments, documents and certificates identified in Section 4.01 executed and delivered to, or in favor of, the Administrative Agent or any Lenders and including all other pledges, powers of attorney, consents, assignments, contracts, notices, letter of credit agreements and all other written matter whether heretofore, now or hereafter executed by or on behalf of the Borrower, or any employee of the Borrower, and delivered to the Administrative Agent or any Lender in connection with the Agreement or the transactions contemplated thereby. Any reference in the Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

“Material Adverse Change” means any material adverse change in the business, financial condition or operations of the Borrower or the Borrower and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, financial condition or operations of the Borrower and the Subsidiaries taken as a whole or (b) the validity or enforceability of this Agreement or any and all other Loan Documents or the rights or remedies of the Administrative Agent and the Lenders hereunder or thereunder.

“Maturity Date” means August 25, 2020.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“Multiple Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and at least one Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

“Note” means a promissory note of the Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.10(e), evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Loans made by such Lender.

“Obligations” means all unpaid principal of and accrued and unpaid interest on the Loans, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations and indebtedness (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of the Borrower and its Subsidiaries to any of the Lenders, the Administrative Agent or any indemnified party, individually or collectively, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or to the Lenders or any of their Affiliates under any Swap Agreement or any Banking Services Agreement or in respect of any of the Loans made or reimbursement or other obligations incurred or any of the instruments at any time evidencing any thereof.

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

“Participant” has the meaning set forth in Section 9.04.

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001, as amended.

“PBGC” means the Pension Benefit Guaranty Corporation (or any successor).

“Permitted Liens” means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.02 hereof; (b) Liens imposed by law, such as landlords’, banks’ (and rights of set-off), warehousemen’s, materialmen’s, mechanics’, carriers’, workmen’s and repairmen’s Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days; (c) pledges or deposits to secure obligations under workers’ compensation laws, laws related to unemployment insurance and other types of social security or similar legislation or Liens to secure public or statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations; (d) easements, rights of way, restrictions, encroachments, encumbrances and other minor defects or irregularities in title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes; (e) interest or title of a lessor, lessee, sublessor or sublessee under any lease or sublease permitted hereunder and any interest or title of a licensor, licensee, sublicensor or sublicensee under any license or sublicense permitted hereunder; (f) Liens solely on any cash earnest money deposits, escrow arrangements or similar arrangements made by the Borrower in connection with any letter of intent or purchase agreement permitted hereunder; (g) purported Liens evidenced by the filing of precautionary Uniform Commercial Code financing statements (or any similar precautionary filings) relating solely to operating leases of personal property entered into in the ordinary course of business; (h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with importation of goods; (i) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property; (j) Liens arising out of judgments, decrees, orders or awards that do not constitute an Event of Default under Section 7.01; and (k) Liens arising by reason of deposits necessary to obtain standby letters of credit in the ordinary course of business.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means a Single Employer Plan or a Multiple Employer Plan.

“PNC” means PNC Bank, National Association.

“Prime Rate” means the interest rate per annum announced from time to time by the Administrative Agent at its Principal Office as its then prime rate, which rate may not be the lowest or most favorable rate then being charged commercial borrowers or others by the Administrative Agent. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced.

“Principal Office” shall mean the main banking office of the Administrative Agent located at 500 First Avenue, Pittsburgh, Pennsylvania 15219 (as further described in Schedule 9.01) or such other office notice of which is provided to the Borrower pursuant to Section 9.01.

“Pro Forma Basis” means, with respect to any event, that the Borrower is in compliance on a pro forma basis with the applicable covenant, calculation or requirement herein recomputed as if the event with respect to which compliance on a Pro Forma Basis is being tested had occurred on the first day of the four fiscal quarter period most recently ended on or prior to such date for which financial statements have been delivered pursuant to Section 5.09.

“Published Rate” means the rate of interest published each Business Day in The Wall Street Journal “Money Rates” listing under the caption “London Interbank Offered Rates” for a one-month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the rate at which U.S. dollar deposits as are offered by leading banks in the London interbank deposit market for a one-month period as published in another publication determined by the Administrative Agent).

“Register” has the meaning set forth in Section 9.04.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Reportable Compliance Event” means that any Covered Entity (a) becomes a Sanctioned Person, or is charged by indictment, criminal complaint or similar charging instrument, arraigned, or custodially detained in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or (b) has knowledge of facts or circumstances to the effect that any aspect of its operations is in actual violation of any Anti-Terrorism Law which violation could reasonably be expected to result in a breach of Section 5.12(a), (b), (c), (d) or (e).

“Required Lenders” means, at any time, Lenders whose Loans outstanding at such time constitute at least 66-2/3% of the aggregate unpaid principal amount of all Loans outstanding at such time; provided that, at any time that there are three or fewer Lenders, Required Lenders shall mean all of the Lenders.

“S&P” means Standard & Poor’s.

“Sanctioned Country” means a country subject to a sanctions program maintained under any Anti-Terrorism Law.

“Sanctioned Person” means any individual person, group, regime, entity or thing (a) listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing under any Anti-Terrorism Law, or (b) subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any Anti-Terrorism Law, provided, however, no Covered Entity shall be deemed to be a Sanctioned Person under this clause (b) if the applicable limitation or prohibition could not reasonably be expected to

result in a Material Adverse Effect or liability being imposed by a Governmental Authority on the Lenders or the Administrative Agent.

“SEC” means the United States Securities and Exchange Commission.

“Single Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and no Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

“Solvent” and “Solvency” mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Statutory Reserve Rate” means as of any day the maximum percentage in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to “Eurocurrency Liabilities”).

“Subordinated Indebtedness” means any Debt of the Borrower or any Subsidiary the payment of which is subordinated to payment of the obligations under the Loan Documents.

“subsidiary” of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person’s other subsidiaries.

“Subsidiary” means any subsidiary of the Borrower.

“Swap Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or

more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“Transactions” means the execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

“Voting Stock” means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a “Eurocurrency Loan”). Borrowings also may be classified and referred to by Type (e.g., a “Eurocurrency Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The word “law” shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person’s successors and assigns (subject to any restrictions

on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 3.01(e) (“GAAP”); provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Debt or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein. For purposes of calculations made pursuant to the terms of this Agreement, GAAP will be deemed to treat operating leases and capital leases each in a manner consistent with its current treatment under generally accepted accounting principles as in effect on December 31, 2012, notwithstanding any modifications or interpretive changes thereto that may occur thereafter.

SECTION 1.05. Status of Obligations. In the event that the Borrower shall at any time issue or have outstanding any Subordinated Indebtedness, the Borrower shall take all such actions as shall be necessary to cause the Obligations to constitute senior indebtedness (however denominated) in respect of such Subordinated Indebtedness and to enable the Administrative Agent and the Lenders to have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness. Without limiting the foregoing, the Obligations are hereby designated as “senior indebtedness” and as “designated senior indebtedness” and words of similar import under and in respect of any indenture or other agreement or instrument under which such other Subordinated Indebtedness is outstanding and are further given all such other designations as shall be required under the terms of any such Subordinated Indebtedness in order that the Lenders may have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness.

ARTICLE II

Amounts and Terms of the Loans

SECTION 2.01. Commitments. Subject to the terms and conditions hereof, and relying upon the representations and warranties set forth herein, each Lender severally agrees to make a term loan (each a "Loan") to the Borrower on the Effective Date in such principal amount as the Borrower shall request up to, but not exceeding, such Lender's Commitment.

SECTION 2.02. Loans and Borrowings; Repayment Terms. (a) The obligation of each Lender to make a Loan to the Borrower on the Effective Date shall be in the proportion that such Lender's Commitment bears to the Commitments of all Lenders to the Borrower, but each Lender's Loan to the Borrower shall never exceed its Commitment. The failure of any Lender to make a Loan shall not relieve any other Lender of its obligations to make a Loan nor shall it impose any additional liability on any other Lender hereunder. The Lenders shall have no obligation to make Loans hereunder after the Effective Date. The Commitments are not revolving credit commitments, and the Borrower shall not have the right to borrow, repay and reborrow under Section 2.01. The outstanding principal of the Loans shall be payable in equal annual installments, each in an amount equal to five percent (5%) of the aggregate principal amount of the Loans on the Effective Date (i.e., \$8,750,000 per year assuming that the full \$175,000,000 is borrowed on the Effective Date), payable on each anniversary of the Effective Date commencing with the first such date to occur after the Effective Date, with the balance of the principal of the Loans being due and payable in full on the Maturity Date.

SECTION 2.03. [Intentionally Omitted]

SECTION 2.04. [Intentionally Omitted]

SECTION 2.05. [Intentionally Omitted]

SECTION 2.06. [Intentionally Omitted]

SECTION 2.07. Funding of Borrowings. Each Lender shall make its Loan on the Effective Date by wire transfer of immediately available funds, by 12:00 noon, Pittsburgh time to the account of the Administrative Agent designated by it for such purpose. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower designated by the Borrower in its Borrowing Request delivered to the Administrative Agent on the Effective Date. The Administrative Agent may assume that each Lender has made its share of the Loans to be made on the Effective Date in accordance with Section 2.01 and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the Borrowing on the Effective Date available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (a) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined

by the Administrative Agent in accordance with banking industry rules on interbank compensation or (b) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing. The Borrowing Request on the Effective Date shall be irrevocable and shall be on a form approved by the Administrative Agent and signed by the Borrower.

SECTION 2.08. Interest Elections. (a) The Borrowing on the Effective Date shall initially be a Eurocurrency Borrowing, it being understood that the Borrower may borrow on the Effective Date at the Adjusted LIBO Rate notwithstanding that it is not providing three Business Days' advance notice. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election (by telephone or irrevocable written notice) by (i) in the case of a Eurocurrency Borrowing, not later than 11:00 a.m. Pittsburgh time three (3) Business Days before the date of the proposed Borrowing or (ii) in the case of an ABR Borrowing, not later than 11:00 a.m. Pittsburgh time on the date of the proposed Borrowing. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower. Notwithstanding any contrary provision herein, this Section shall not be construed to permit the Borrower to elect an Interest Period for Eurocurrency Loans that ends after the Maturity Date. Notwithstanding the above, as provided in Section 2.08(a), the Borrowing on the Effective Date (but not any other Eurocurrency Borrowing) may be at the Adjusted LIBO Rate despite the lack of three Business Days' advance notice, in which case the Adjusted LIBO Rate to apply to the Borrowing on the Effective Date shall be determined as if such notice had been delivered to the Administrative Agent at 11:00 a.m. Pittsburgh time three (3) Business Days prior to the Effective Date.

(c) Each telephonic and written Interest Election Request shall specify the following information:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which Interest Period shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurocurrency Borrowing and (ii) unless repaid, each Eurocurrency Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

(f) Subject to Section 2.14, each Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.14, 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(g) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$5,000,000 and not less than \$20,000,000 unless otherwise agreed by the Administrative Agent in its sole discretion. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$5,000,000 and not less than \$5,000,000, unless otherwise agreed by the Administrative Agent in its sole discretion. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of five (5) Eurocurrency Borrowings outstanding.

(h) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.09. Termination of Commitments. The Commitments shall automatically terminate at the close of business on the Effective Date.

SECTION 2.10. Evidence of Debt.

(a) [Intentionally Omitted].

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from the Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it to the Borrower be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if any such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Prepayment of Loans. (a) Subject in the case of any Eurocurrency Loan to Section 2.16, the Borrower may, upon at least one Business Day's notice to the Administrative Agent (such notice to be received on or before 1:00 p.m., Pittsburgh time), prepay any Borrowing, in each case in whole at any time, or from time to time in part in amounts aggregating \$5,000,000 or any larger multiple of \$1,000,000, by paying the principal amount to be prepaid together with, except as provided in Section 2.13(d) with respect to ABR Loans, accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the Lenders and shall be applied pro rata across the remaining installment of the Loans (including the payment due on the Maturity Date).

(b) Upon receipt of a notice of prepayment pursuant to this Section, the Administrative Agent shall promptly notify each Lender of the contents thereof and of such Lender's ratable share of such prepayment. Such notice shall specify the application of the prepayment between ABR Loans and Eurocurrency Loans. All prepayment notices shall be irrevocable.

SECTION 2.12. Fees. (a) [Intentionally Omitted]

(b) [Intentionally Omitted]

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in Dollars and immediately available funds, to the Administrative Agent. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan at a time that other Loans remain outstanding), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Alternate Base Rate and the Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period;

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

(c) the Administrative Agent determines that a contingency has occurred which materially and adversely affects the London interbank eurodollar market relating to the Adjusted LIBO Rate;

(d) the Administrative Agent determines that the making, maintenance or funding of any Eurocurrency Loan has been made impracticable or unlawful by compliance by a Lender in good faith with any Law or any interpretation or application thereof by any Governmental Authority or with any request or directive of any Governmental Authority (whether or not having the force of Law); or

(e) the Administrative Agent determines that after making all reasonable efforts, deposits of the relevant amount in Dollars for the relevant Interest Period for such Borrowing, or to banks generally, to which an Adjusted LIBO Rate applies, respectively, are not available to a Lender with respect to such Borrowing, or to banks generally, in the interbank eurodollar market;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective and any such Borrowing shall be continued as or converted to an ABR Borrowing. With respect to any Eurocurrency Borrowing outstanding at the time of any such notice or determination, such Borrowing shall be converted to an ABR Borrowing on the last day of the then current Interest Period with respect to such Borrowing or within such earlier period as required by law as determined by the Administrative Agent.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate);

(ii) impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or Loans made by such Lender or any participation therein; or

(iii) subject any Lender or the Administrative Agent to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender or the Administrative Agent in respect of its Loans, loan principal, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or the Administrative Agent of making, converting to, continuing or maintaining any Loan or to reduce the amount of any sum received or receivable by such Lender or the Administrative Agent hereunder, whether of principal, interest or otherwise, then the Borrower will pay to such Lender or the Administrative Agent, as the case may be, such additional amount or amounts as will compensate such Lender or the Administrative Agent, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event but excluding loss of anticipated profits. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled

to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

SECTION 2.17. Taxes. Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(a) In addition, the Borrower shall pay any Other Taxes related to the Borrower and imposed on or incurred by the Administrative Agent or a Lender to the relevant Governmental Authority in accordance with applicable law.

(b) The Borrower shall indemnify the Administrative Agent and each Lender, within ten (10) days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(c) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Each Lender shall severally indemnify the Administrative Agent for any Taxes (but, in the case of any Indemnified Taxes, only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so) attributable to such Lender that are paid or payable by the Administrative Agent in connection with any Loan Document and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.17(e) shall be paid within 10 days after the Administrative Agent or the Borrower (as applicable) delivers to the applicable Lender a certificate stating the amount of Taxes so paid or payable by the Administrative Agent or the Borrower (as applicable). Such certificate shall be conclusive of the amount so paid or payable absent manifest error.

(e) (23) Any Lender that is entitled to an exemption from, or reduction of, any applicable withholding Tax with respect to any payments under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without, or at a reduced rate of, withholding. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to any withholding (including backup withholding) or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(f)(ii)(A) through (E) below) shall not be required if the Lender reasonably determines that such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender. Upon the reasonable request of the Borrower or the Administrative Agent, any Lender shall update any form or certification previously delivered pursuant to this Section 2.17(f). If any form or certification previously delivered pursuant to this Section expires or becomes obsolete or inaccurate in any respect with respect to a Lender, such Lender shall promptly (and in any event within 10 days after such expiration, obsolescence or inaccuracy) notify the Borrower and the Administrative Agent in writing of such expiration, obsolescence or inaccuracy and update the form or certification if it is legally eligible to do so.

(i) Without limiting the generality of the foregoing, if the Borrower is a U.S. Person, any Lender with respect to the Borrower shall, if it is legally eligible to do so, deliver to the Borrower and the Administrative Agent (in such number of copies reasonably requested by the Borrower and the Administrative Agent) on or prior to the date on which such Lender becomes a party hereto, duly completed and executed copies of whichever of the following is applicable:

(A) in the case of a Lender that is a U.S. Person, IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (1) with respect to payments of interest under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “interest” article of such tax treaty and (2) with respect to any other applicable payments under this Agreement, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(C) in the case of a Non-U.S. Lender for whom payments under this Agreement constitute income that is effectively connected with such Lender’s conduct of a trade or business in the United States, IRS Form W-8ECI;

(D) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code both (1) IRS Form W-8BEN and (2) a certificate substantially in the form of Exhibit C (a “U.S. Tax Certificate”) to the effect that such Lender is not (a) a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (b) a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code (c) a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code and (d) conducting a trade or business in the United States with which the relevant interest payments are effectively connected;

(E) in the case of a Non-U.S. Lender that is not the beneficial owner of payments made under this Agreement (including a partnership or a participating Lender) (1) an IRS Form W-8IMY on behalf of itself and (2) the relevant forms prescribed in clauses (A), (B), (C), (D) and (F) of this paragraph (f)(ii) that would be required of each such beneficial owner or partner of such partnership if such beneficial owner or partner were a Lender; provided, however, that if the Lender is a partnership and one or more of its partners are claiming the exemption for portfolio interest under Section 881(c) of the Code, such Lender may provide a U.S. Tax Certificate on behalf of such partners; or

(F) any other form prescribed by law as a basis for claiming exemption from, or a reduction of, U.S. Federal withholding Tax together with such supplementary documentation necessary to enable the Borrower or the Administrative Agent to determine the amount of Tax (if any) required by law to be withheld.

(f) If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(g) If a payment made to a Lender under any Loan Document would be subject to United States of America federal withholding Tax imposed by FATCA if such Lender fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the

Administrative Agent and the Borrower, at the time or times prescribed by law and at such time or times reasonably requested by the Administrative Agent or the Borrower, as applicable, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Administrative Agent or the Borrower, as applicable, as may be necessary for the Administrative Agent or the Borrower, as applicable, to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender's obligations under FATCA and, as necessary, to determine the amount to deduct and withhold from such payment.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon, Pittsburgh time on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made (i) in Dollars and (ii) to the Administrative Agent at its Principal Office, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) The Borrower hereby irrevocably authorizes the Administrative Agent to charge any deposit account of the Borrower maintained with the Administrative Agent for each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents.

(d) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase

price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.07, 2.18(e) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under such Sections; in the case of each of (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. If (i) any Lender requests compensation under Section 2.15, or (ii) if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder (including amounts payable pursuant to Section 2.16(d)), from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III

Representations and Warranties

SECTION 3.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(b) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(c) The execution, delivery and performance by the Borrower of this Agreement and the Notes to be delivered by it, and the consummation of the transactions contemplated hereby, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws, (ii) any law in any material respect or (iii) any contractual restriction binding on or affecting the Borrower, except in the case of this clause (iii), to the extent such contravention could not reasonably be expected to result in a Material Adverse Effect.

(d) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party (except for such approvals, notices or filings which are obtained on or before the Effective Date, have been disclosed in writing to the Administrative Agent, and remain in full force and effect) is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes to be delivered by it.

(e) This Agreement has been, and each of the Notes to be delivered by it when delivered hereunder will have been, duly executed and delivered by the Borrower. This Agreement

is, and each of the Notes when delivered hereunder will be, the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with their respective terms, except as the enforceability thereof may be limited by the effect of any applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and by general principles of equity.

(f) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2012, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of PricewaterhouseCoopers LLC, independent public accountants, and the Consolidated balance sheet of the Borrower and its Subsidiaries as at June 30, 2013, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the six months then ended, duly certified by the chief financial officer, treasurer or controller of the Borrower, copies of which have been furnished to each Lender, fairly present, subject, in the case of said balance sheet as at June 30, 2013, and said statements of income and cash flows for the six months then ended, to year-end audit adjustments, the Consolidated financial condition of the Borrower and its Subsidiaries as at such dates and the Consolidated results of the operations of the Borrower and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since December 31, 2012, there has been no Material Adverse Change.

(g) There is no pending or, to the knowledge of the Borrower, threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(i) The Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(j) No written information, exhibit or report other than projections and information of a general economic or general industry nature furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation and syndication of this Agreement or pursuant to the terms of this Agreement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading as of the date made, in light of the circumstances in which the same were made.

(k) The Borrower is Solvent on a consolidated basis.

(l) (i) No Covered Entity is a Sanctioned Person and (ii) no Covered Entity, either in its own right or through any third party, engages in any dealings or transactions prohibited by any Anti-Terrorism Law, except, in the case of this clause (ii), to the extent that it could not reasonably be expected to result in a Material Adverse Effect.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make the Loans hereunder on the Effective Date shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (A) a counterpart of this Agreement and the Notes signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and the Notes.

(b) The Lenders shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Deborah M. Rasin, general counsel for the Borrower, substantially in the form of Exhibit B covering such matters relating to the Borrower, the Loan Documents or the Transactions as the Administrative Agent shall reasonably request. The Borrower hereby requests such counsel to deliver such opinion.

(c) The Administrative Agent shall have received (i) GAAP audited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of the Borrower for the three most recent fiscal years ended at least 90 days prior to the Effective Date and (ii) GAAP unaudited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of the Borrower for each subsequent fiscal quarter ended at least 40 days before the Effective Date.

(d) The Lenders shall have received (i) such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower, the authorization of the Transactions and any other legal matters relating to the Borrower, the Loan Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit D and (ii) at least 10 Business Days prior to the Effective Date to the extent requested by any of the Lenders, all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the Patriot Act.

(e) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (j) and (k) of this Section 4.01.

(f) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the chief financial officer of the Borrower, confirming that the Borrower is, on a consolidated basis, Solvent at the Effective Date and immediately after giving effect to the Transactions.

(g) [Intentionally Omitted.]

(h) The Administrative Agent shall have received evidence reasonably satisfactory to it that all governmental and third party approvals necessary in connection with the Transactions have been obtained and are in full force and effect.

(i) The Administrative Agent and the Lenders shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced at least one Business Days prior to the Effective Date, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(j) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct on and as of the Effective Date.

(k) On the Effective Date and immediately giving effect to the Borrowing on the Effective Date, no Default shall have occurred and be continuing.

(l) No law or regulation shall prohibit, and no order, judgment or decree of any Governmental Authority shall enjoin, prohibit or restrain, any Lender from making the requested Loan on the Effective Date.

(m) An incumbency certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall identify by name and titles and bear the signature of the officers of the Borrower authorized to request Borrowings hereunder and sign this Agreement and the Notes, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

ARTICLE V

Affirmative Covenants

So long as any Loan shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

SECTION 5.01. Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA, Environmental Laws and the Patriot Act, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.02. Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all material lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

SECTION 5.03. Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates; provided, however, that the Borrower and its Subsidiaries may self-insure to the same extent as other companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates and to the extent consistent with prudent business practice.

SECTION 5.04. Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Borrower and its Subsidiaries may consummate any merger or consolidation permitted under Section 6.02 and provided further that neither the Borrower nor any of its Subsidiaries shall be required to maintain corporate existence of any Subsidiary or preserve any right or franchise if the Board of Directors of the Borrower or such Subsidiary shall determine that the maintenance or preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower, such Subsidiary or the Lenders.

SECTION 5.05. Visitation Rights. At any reasonable time upon reasonable notice during normal business hours and from time to time, permit the Administrative Agent or any of the Lenders or any authorized agents or representatives thereof, to examine and make copies of and abstracts from the financial records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants; provided that, such visitation rights shall not be exercised more frequently than once during any calendar quarter, except during the existence of an Event of Default.

SECTION 5.06. Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

SECTION 5.07. Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its material properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.08. Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms that are fair and reasonable and not materially less favorable to the Borrower or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate; provided, that the foregoing restriction shall not apply to (a) any transaction between or among the Borrower and its Subsidiaries; (b) reasonable and customary fees paid to members of the board of directors (or similar governing body) of the Borrower and its Subsidiaries; (c) compensation arrangements (including severance arrangements to the extent approved by a majority of the disinterested members of the Borrower's or the applicable Subsidiary's board of directors (or similar governing body) or the applicable committee thereof) for present or former officers and other employees entered into in the ordinary course of business; (d) indemnities provided for the benefit of, directors, officers or employees of the Borrower and its Subsidiaries in the ordinary course of business; and (e) loans and advances to employees of the Borrower and its Subsidiaries permitted hereunder.

SECTION 5.09. Reporting Requirements. Furnish to the Lenders:

(e) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer, treasurer or controller of the Borrower as having been prepared in accordance with generally accepted accounting principles and certificates of the chief financial officer, treasurer or controller of the Borrower as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 6.06, provided that, subject to Section 1.04, in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 6.06, a statement of reconciliation conforming such financial statements to GAAP; provided further, that at any time the Borrower shall be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, delivery within the time period specified above of copies of the quarterly balance sheets and statements on Form 10-Q of the Borrower and its Subsidiaries for such quarterly period as filed with the SEC shall be deemed to satisfy the requirements of this Section 5.09(a);

(f) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing the Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an opinion acceptable to the Required Lenders by PricewaterhouseCoopers LLC or other independent public accountants acceptable to the Required Lenders and certificates of the chief financial officer, treasurer or controller of the Borrower as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 6.06, provided that, subject to Section 1.04, in the event of any change in generally accepted accounting principles

used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 6.06, a statement of reconciliation conforming such financial statements to GAAP; provided further, that at any time the Borrower shall be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, delivery within the time period specified above of copies of the annual balance sheets and statements on Form 10-K of the Borrower and its Subsidiaries for such fiscal year as filed with the SEC shall be deemed to satisfy the requirements of this Section 5.09(b);

(g) as soon as possible and in any event within five days after the chief financial officer, treasurer or controller of the Borrower obtains knowledge of the occurrence of each Default continuing on the date of such statement, a statement of the chief financial officer, treasurer or controller of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

(h) promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of its securityholders, and copies of all reports and registration statements that the Borrower or any Subsidiary files with the SEC or any national securities exchange;

(i) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Borrower or any of its Subsidiaries of the type described in Section 3.01(f); and

(j) such other information respecting the Borrower or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

SECTION 5.10. Use of Proceeds. Use the proceeds of the Borrowing on the Effective Date to provide working capital for the Borrower or its Subsidiaries and for other general corporate purposes.

SECTION 5.11. Subsequent Credit Terms. Notify the Administrative Agent in writing prior to entering into any new credit arrangement or any amendment or modification of any existing credit arrangement, in each case providing debt financing of \$10,000,000 (or the equivalent thereof if the financing is in a currency other than Dollars) or more, pursuant to which the Borrower or any of its Subsidiaries agree to affirmative or negative covenants (including without limitation financial covenants and limitations on Debt and Liens) which in any such case are less favorable in any material respect to the Borrower or any of its Subsidiaries than those contained in this Agreement (any such less favorable provisions, the "New Provisions"). Effective upon the Borrower or any of its Subsidiaries' entry into any such agreement, amendment or modification, this Agreement, at the option of the Required Lenders in their sole discretion, shall be and shall be deemed to be immediately amended to add the New Provisions; provided, however, that the foregoing shall not be applicable to or be deemed to affect any provision of this Agreement if and to the extent any such agreement, amendment or modification (or any provision thereof) is more favorable to the Borrower or any of its Subsidiaries. The Borrower hereby agrees promptly to execute and deliver any and all such amendments, documents and instruments and to take all such further actions as the Administrative Agent may, in its sole discretion, deem necessary or appropriate to effectuate the provisions of this Section 5.11.

SECTION 5.12. Anti-Terrorism Laws. Ensure that, and the Borrower hereby covenants and agrees that, (a) no Covered Entity will become a Sanctioned Person, (b) no Covered Entity, either in its own right or through any third party, will use the Loans to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law, (c) the funds used to repay the Obligations will not be derived from any unlawful activity, (d) each Covered Entity shall comply with all Anti-Terrorism Laws, except to the extent that any failure to comply under this clause (d) could not reasonably be expected to result in a Material Adverse Effect, (e) the Borrower will, and shall ensure that each of its Subsidiaries will, maintain policies and procedures reasonably designed to promote and achieve compliance with Anti-Terrorism Laws and (f) the Borrower shall promptly and in any event within thirty (30) days after the occurrence of a Reportable Compliance Event, notify the Administrative Agent in writing of the occurrence of such Reportable Compliance Event.

ARTICLE VI

Negative Covenants

So long as any Loan shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not:

SECTION 6.01. Liens, Etc. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, other than:

(a) Permitted Liens;

(b) purchase money Liens upon or in any real property or equipment acquired or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition of such property or equipment, or Liens existing on such property or equipment at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount, provided, however, that no such Lien shall extend to or cover any properties of any character other than the real property or equipment being acquired, and no such extension, renewal or replacement shall extend to or cover any properties not theretofore subject to the Lien being extended, renewed or replaced, provided further that the aggregate principal amount of the indebtedness secured by the Liens referred to in this clause (b) shall not exceed the amount specified therefor in Section 6.04(c) at any time outstanding;

(c) the Liens existing on the Effective Date and described on Schedule 6.01 hereto;

(d) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary of the Borrower or becomes a Subsidiary of

the Borrower; provided that such Liens were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with the Borrower or such Subsidiary or acquired by the Borrower or such Subsidiary;

(e) other Liens securing Debt in an aggregate principal amount not to exceed the amount specified therefor in Section 6.04(d) at any time outstanding; and

(f) the replacement, extension or renewal of any Lien permitted by clauses (c) or (d) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby.

SECTION 6.02. Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any of its Subsidiaries to do so, except that any Subsidiary of the Borrower may merge or consolidate with or into, or dispose of assets to, any other Subsidiary of the Borrower, and except that any Subsidiary of the Borrower may merge into or dispose of assets to the Borrower, provided, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

SECTION 6.03. Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by generally accepted accounting principles.

SECTION 6.04. Subsidiary Debt. Permit any of its Subsidiaries to create or suffer to exist, any Debt other than:

(i) Debt owed to the Borrower or to a wholly owned Subsidiary of the Borrower or Debt under this Agreement or the Notes;

(j) Debt existing on the Effective Date and described on Schedule 6.04 hereto (the "Existing Debt"), and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Existing Debt, provided that the principal amount of such Existing Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing;

(k) Debt secured by Liens permitted by Section 6.01(b) aggregating for all of the Borrower's Subsidiaries not more than \$100,000,000 at any one time outstanding;

(l) Debt that, in aggregate with all Debt secured by Liens permitted by Section 6.01(e), does not exceed an amount equal to 15% of Consolidated net worth of the Borrower and its Subsidiaries at any one time outstanding; and

(m) endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

SECTION 6.05. Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of the business as carried on by the Borrower and its Subsidiaries at the date hereof.

SECTION 6.06. Financial Covenants. So long as any Loan shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

(f) Leverage Ratio. Maintain a ratio of Consolidated Debt for Borrowed Money to the sum of Consolidated Debt for Borrowed Money plus Consolidated net worth of the Borrower and its Subsidiaries of not greater than 0.55 to 1.00.

(g) Interest Coverage Ratio. Maintain a ratio of Consolidated EBITDA for the period of four fiscal quarters then ended of the Borrower and its Subsidiaries to the sum of interest payable on, and amortization of debt discount in respect of, all Debt for Borrowed Money during such period by the Borrower and its Subsidiaries of not less than 3.5 to 1.0.

ARTICLE VII

Events of Default

SECTION 7.01. Events of Default. If any of the following events (each an “Event of Default”) shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Loan or make any other payment of fees or other amounts payable under this Agreement or any Note within five Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Sections 5.04, 5.05, 5.08, 5.09, 5.10 or 5.12 or Article VI, or (ii) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure pursuant to this clause (ii) shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(d) The Borrower or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount of at least \$75,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue

after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than (i) by a regularly scheduled required prepayment or redemption or (ii) a prepayment or redemption required solely as a result of the proceeds of such Debt not having been applied to consummate a transaction or toward any other purpose for which such Debt was incurred), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) The Borrower or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this clause (e); or

(f) One or more judgments for the payment of money in an aggregate amount in excess of \$75,000,000 shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment; or

(g) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Securities Exchange Act of 1934, as amended), directly or indirectly, of Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 30% or more of the combined voting power of all Voting Stock of the Borrower; or (ii) during any period of up to 24 consecutive months, commencing after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of the Borrower shall cease for any reason (other than due to death or disability) to constitute a majority of the board of directors of the Borrower (except to the extent that individuals who at the beginning of such 24-month period were replaced by individuals (x) elected by a majority of the remaining members of the board of directors of the Borrower or (y) nominated for election by

a majority of the remaining members of the board of directors of the Borrower and thereafter elected as directors by the shareholders of the Borrower); or

(h) The Borrower or any of its ERISA Affiliates shall incur, or shall be reasonably likely to incur liability in excess of \$75,000,000 in the aggregate as a result of one or more of the following:

(i) the occurrence of any ERISA Event;

(ii) the partial or complete withdrawal of the Borrower or any of its ERISA Affiliates from a Multiemployer Plan; or

(iii) the reorganization or termination of a Multiemployer Plan; or

(i) Any representation or warranty contained in Section 3.01(k) is or becomes false or misleading at any time.

then, and in any such event, the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Loans, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Loans, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, the Loans, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VIII

The Administrative Agent

SECTION 8.01. Appointment and Authority. Each of the Lenders hereby irrevocably appoints PNC to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article 8 are solely for the benefit of the Administrative Agent and the Lenders, and the Borrower shall not have rights as a third party beneficiary of any of such provisions.

SECTION 8.02. Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower

or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 8.03. Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 7.01 and 9.02) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until written notice describing such Default or Event of Default is given to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.04. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, including e-mail or posting on SyndTrak) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may

rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of the Loans on the Effective Date that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the Effective Date. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 8.05. Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article VIII shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

SECTION 8.06. Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with approval from the Borrower (so long as no Event of Default has occurred and is continuing), to appoint a successor, such approval not to be unreasonably withheld or delayed. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders appoint a successor Administrative Agent. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article VIII and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

SECTION 8.07. Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its

own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 8.08. No Other Duties, etc. Anything herein to the contrary notwithstanding, none of the sole Lead Arranger, the sole Bookrunner or the Managing Agent shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents.

SECTION 8.09. No Reliance on Administrative Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Administrative Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with the Borrower, its Affiliates or its agents, the Loan Documents or the transactions hereunder or contemplated hereby: (a) any identity verification procedures, (b) any recordkeeping, (c) comparisons with government lists, (d) customer notices or (e) other procedures required under the CIP Regulations or such other Laws.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices; Effectiveness; Electronic Communication.

(n) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 9.01(b)), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier (i) if to a Lender, to it at its address set forth in its Administrative Questionnaire, or (ii) if to any other Person, to it at its address set forth on Schedule 9.01.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 9.01(b), shall be effective as provided in such Section.

(o) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications (including e-mail or by posting on SyndTrak) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender if such Lender has notified the Administrative Agent that it is incapable of receiving notices by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other

communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been received at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted on SyndTrak shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(p) Change of Address, Etc. Any party hereto may change its address, e-mail address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02. Waivers; Amendments. No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of the Loans on the Effective Date shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(d) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.18(b) or (d) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or

grant any consent hereunder, without the written consent of each Lender, or (vi) release the Borrower from its obligations under Article X without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

(e) [Intentionally Omitted].

(f) If, in connection with any proposed amendment, waiver or consent requiring the consent of “each Lender” or “each Lender directly affected thereby,” the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but not obtained being referred to herein as a “Non-Consenting Lender”), then the Borrower may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower and the Administrative Agent shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 9.04, and (ii) the Borrower shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Sections 2.15 and 2.17, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.16 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender.

(g) Notwithstanding anything to the contrary herein the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of a single counsel for the Administrative Agent (together with (A) a single local counsel and single specialist counsel (for each relevant jurisdiction and relevant specialization), as reasonably required and (B) in the case of an actual conflict of interest, one additional counsel for each relevant jurisdiction and/or specialization for similarly situated parties); provided, that the Borrower shall not be obligated to pay for any other third party advisor hired without the consent of the Borrower (such consent not to be unreasonably withheld), in connection with the syndication and distribution (including, without limitation, via the internet or through a service such as Intralinks or SyndTrak) of the credit facilities provided for herein, the preparation and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection

with the enforcement or protection of its rights in connection with this Agreement and any other Loan Document, including its rights under this Section, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(h) The Borrower shall indemnify the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related reasonable and documented out-of-pocket expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(i) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, such Lender’s Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought or, if no Loans are then outstanding, its Applicable Percentage most recently in effect) of such unpaid amount (it being understood that the Borrower’s failure to pay any such amount shall not relieve the Borrower of any default in the payment thereof); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(j) To the extent permitted by applicable law, the Borrower shall not assert, and the Borrower hereby waives, any claim against any Indemnitee (i) for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), or (ii) on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or the use of the proceeds thereof.

(k) All amounts due under this Section shall be payable not later than fifteen (15) days after written demand therefor.

SECTION 9.04. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(c) (23) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default under Section 7.01(a) or 7.01(e) has occurred and is continuing, any other assignee; and

(B) the Administrative Agent; provided that no consent of the Administrative Agent shall be required for an assignment to a Lender, an Affiliate of a Lender or an Approved Fund.

(iv) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default under Section 7.01(a) or 7.01(e) has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws; and

(E) the assignee shall not be the Borrower or an Affiliate of the Borrower.

Notwithstanding the foregoing, if the consent of the Borrower is required pursuant to this Section 9.04(b) in connection with any proposed assignment, then the Borrower shall be deemed to have consented to such proposed assignment unless it shall object thereto by written notice to the Administrative Agent within ten Business Days after having received written notice of such proposed assignment.

For the purposes of this Section 9.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(v) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(vi) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each

Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(vii) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.07, 2.18(e) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(d) (23) Any Lender may, without the consent of the Borrower or the Administrative Agent sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(d) as though it were a Lender.

(i) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such

Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(e) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Borrower in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all of the Obligations held by such Lender, irrespective of whether or not such Lender shall have made any demand under the Loan Documents and although such obligations may be unmaturing. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(a) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such State of New York or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(b) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE

FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. USA PATRIOT Act. Each Lender that is subject to the requirements of the Patriot Act hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies such Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

DENTSPLY INTERNATIONAL INC., as the Borrower

By ___
Name:
Title:

By ___
Name:
Title:

Signature Page to Credit Agreement
DENTSPLY International Inc.

PNC BANK, NATIONAL ASSOCIATION,
individually as a Lender and as Administrative Agent

By _____
Name:
Title:

Signature Page to Credit Agreement
DENTSPLY International Inc.

T.D. BANK, N.A.

By _____
Name:
Title:

FIRST AMENDMENT AND AGREEMENT
TO
CONSIGNMENT AGREEMENT

FIRST AMENDMENT AND AGREEMENT TO CONSIGNMENT AGREEMENT (the “**First Amendment**”), dated as of February 8, 2013, by and between **HSBC BANK USA, NATIONAL ASSOCIATION**, a bank organized under the laws of the United States with offices located at 452 Fifth Avenue, New York, New York 10018 (“**HSBC**”), and **DENTSPLY INTERNATIONAL INC.**, a Delaware corporation with its principal place of business at Susquehanna Commerce Center, 221 West Philadelphia Street, York, Pennsylvania 17401 (the “**Company**”).

W I T N E S S E T H:

WHEREAS, the parties hereto entered into a Consignment Agreement dated as of December 6, 2010 (the “**Consignment Agreement**”) pursuant to which HSBC extended a consignment facility to the Company; and

WHEREAS, the parties hereto desire to amend the Consignment Agreement on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual promises hereinafter contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. All capitalized terms used herein without definition shall have the definitions assigned by the Consignment Agreement.

2. Effective the date hereof, Paragraph 1.11 of the Consignment Agreement containing a definition of “Consignment Limit” is amended in its entirety to read as follows:

“1.11. Consignment Limit” means:

- (a) Seventy-Five Million Dollars (\$75,000,000); or
- (b) such limit as the Consignor and the Company may agree upon from time to time as evidenced by an amendment in substantially the form of **Exhibit B** attached hereto and made a part hereof or in such other form as the Consignor shall require, with a copy to the Bank in any case; or
- (c) such other limit as the Consignor may approve in its sole discretion.”

3. Effective the date hereof, Paragraph 1.14 of the Consignment Agreement containing a definition of “Credit Agreement” is amended in its entirety to read as follows:

“1.14. “Credit Agreement” means that certain \$500,000,000 CREDIT AGREEMENT dated as of July 27, 2011 among DENTSPLY INTERNATIONAL, INC., the Subsidiary Borrowers Party thereto, the Lenders Party thereto JPMORGAN CHASE BANK, N.A., as Administrative Agent, MORGAN STANLEY SENIOR FUNDING, INC., as Syndication Agent, CITIGROUP GLOBAL MARKETS INC., THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. and WELLS FARGO BANK, N.A. as Co-Documentation Agents and MORGAN STANLEY SENIOR FUNDING, INC. and J.P. MORGAN SECURITIES LLC, as Joint Bookrunners and Joint Lead Arrangers.”

All references to the Credit Agreement in the Consignment Agreement, including without limitation references in Paragraphs 1.27, 6.11, 7.11, 7.15 and 8.1(d), shall be deemed to mean and refer to the Credit Agreement as defined above.

4. Effective the date hereof, Paragraph 1.1 of Exhibit D to the Consignment Agreement containing a definition of “Consignment Period” is amended in its entirety to read as follows:

“1.1. “Consignment Period” means the period beginning on the Drawdown Date and ending one (1) week, one (1) month, two (2) months, three (3) months, six (6) months, twelve (12) months or twenty-four (24) months after such Drawdown Date (or such other period as the Consignor and the Company shall agree upon from time to time thereafter), as the Company may select in its relevant notice pursuant to Paragraph 2.2 or 2.6 of this **Exhibit D**; provided, however, that, if such Consignment Period would otherwise end on a day which is not a London Banking Day, such Consignment Period shall end on the next following London Banking Day.”

5. As a material inducement to HSBC, the Company hereby represents and warrants to HSBC (which representations and warranties, unless made expressly and solely as of the date hereof, shall survive the execution of this First Amendment) that:

(a) The Company has the requisite corporate power and authority to execute, deliver and perform this First Amendment.

(b) The execution, delivery and performance by the Company of the terms and provisions of this First Amendment have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of government, the corporate charter, certificate of incorporation or by-laws of the Company or any indenture, agreement or other instrument to which the Company is a party, or by which the Company is bound, or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or, except as may be provided by this First Amendment, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Company pursuant to, any such indenture, agreement or other instrument.

(c) This First Amendment and all other agreements executed by the Company in connection herewith have been duly executed and delivered by the Company and constitute legal, valid and binding obligations of the Company, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and other similar laws of general application affecting the rights of creditors generally.

6. All necessary conforming changes to the Consignment Agreement occasioned by reason of this First Amendment are hereby deemed to be made.

7. The agreement of HSBC to enter into this First Amendment is subject to the following conditions precedent:

(a) The representations and warranties set forth in Consignment Agreement shall be true and correct on and as of the date hereof, after giving effect to the amendments contained herein.

(b) The Company shall have executed and delivered to HSBC, or caused to be executed and delivered to HSBC in form and substance acceptable to HSBC, upon the execution of this First Amendment, all agreements required by HSBC for the purpose of securing payment and performance of the Company's obligations hereunder, together with any other documents required by the terms hereof or thereof, which agreements shall at all times remain in full force and effect.

8. All references to the "Consignment Agreement" in the Consignment Agreement shall from and after the effective date hereof refer to the Consignment Agreement, as amended hereby.

9. Except as amended hereby, the Consignment Agreement shall remain in full force and effect and is in all respects hereby ratified and affirmed.

10. The Company covenants and agrees to pay all out-of-pocket expenses, costs and charges incurred by HSBC (including reasonable and documented fees and disbursements of counsel) in connection with the preparation and implementation of this First Amendment.

The next page is a signature page

IN WITNESS WHEREOF, the parties have executed this First Amendment and Agreement to Consignment Agreement as of the day and year first above written.

WITNESS: DENTSPLY INTERNATIONAL INC.

_____ By: _____
Title:

HSBC BANK USA, NATIONAL ASSOCIATION

By: _____
Title:

INTERNAL - - 4 -

CONSIGNMENT AGREEMENT

CONSIGNMENT AGREEMENT, dated as of April 29, 2013 (the “**Agreement**”), by and between **THE TORONTO-DOMINION BANK**, a bank organized under the laws of Canada (the “**Consignor**”), and **DENTSPLY INTERNATIONAL INC.**, a Delaware corporation (the “**Company**”) with its principal place of business at Susquehanna Commerce Center, 221 West Philadelphia Street, York, Pennsylvania 17401.

WITNESSETH:

WHEREAS, the Company uses certain commodities in its business; and

WHEREAS, the Consignor has agreed to consign such commodities to the Company on the terms and conditions and in reliance upon the representations and warranties of the Company hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual promises hereinafter contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. DEFINITIONS

When used herein, the terms set forth below shall be defined as follows:

1.1 “Approved Locations” means (a) the premises of the Company at the Company’s Address; (b) the premises of the Company’s Subsidiaries at the addresses set forth in **Exhibit C** attached hereto; and (c) such other locations of the Company’s Subsidiaries as may be agreed upon from time to time in writing by the Bank, on behalf of the Consignor and the Other Consignors; provided, however, the Bank, on behalf of the Consignor and the Other Consignors, shall have the right to give written notice to the Company that a location, whether now or hereafter approved, is no longer an Approved Location.

1.2 “Authorized Representatives” means all person(s) who are authorized by and on behalf of the Company (a) to transact consignment and purchase and sale transactions with the Consignor under the Consignment Facility; and (b) to request, and to roll over, Fixed Rate Consignments under the Consignment Facility.

1.3 “Bank” means Bank of Nova Scotia.

1.4 “Business Day” means a day on which commercial banks settle payments in (a) London, if the payment obligation is calculated by reference to any LIBOR Rate, or (b) New York, for all other payment obligations; an adjustment will be made if a date would otherwise fall on a day that is not a Business Day so that the date will be the first following day that is a Business Day except as otherwise set forth herein.

1.5 “Collateral Assignment” means that certain Collateral Assignment of the Subsidiary Consignment Agreement by the Company in favor of the Bank, as agent for Consignor and the Other Consignors, as amended from time to time, whereby the Company has collaterally assigned all its rights, title and interest in and to the Subsidiary Consignment Agreement to the Bank, for the benefit of the Consignor and the Other Consignors, and which secure, inter alia, the payment and performance of the Obligations.

1.6 “Company” means Dentsply International Inc., a Delaware corporation.

1.7 “Company’s Address” means Susquehanna Commerce Center, 221 West Philadelphia Street, York, Pennsylvania USA 17401.

1.8 “Consigned Precious Metal” means Precious Metal which has been consigned to the Company by the Consignor pursuant to the Consignment Facility.

1.9 “Consignment Facility” means the facility under Paragraph 2 hereof whereby the Company may request consignments of Precious Metal.

1.10 “Consignment Facility Indebtedness” means the Value of Precious Metal on consignment to the Company under the Consignment Facility.

1.11 “Consignment Limit” means:

(a) Fifty Million Dollars (\$50,000,000); or

(b) such limit as the Consignor and the Company may agree upon from time to time as evidenced by an amendment in substantially the form of **Exhibit B** attached hereto and made a part hereof or in such other form as the Consignor shall require, with a copy to the Bank in any case; or

(c) such other limit as the Consignor may approve in its sole discretion.

1.12 “Consignor” means The Toronto-Dominion Bank.

1.13 “Consignor’s Address” means 222 Bay Street, 16th Floor, Ernst & Young Tower, Toronto, Ontario M5K 1A2.

1.14 “Credit Agreement” means that certain Credit Agreement dated as of July 27, 2011 among the Company, the Subsidiary Borrowers Party thereto, the Lenders Party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Morgan Stanley Senior Funding, Inc., as Syndication Agent, Citigroup Global Markets, Inc., the Bank of Tokyo-Mitsubishi UFJ, Ltd. and Wells Fargo Bank, N.A. as Co-Documentation Agents and Morgan Stanley Senior Funding, Inc. and J.P. Morgan Securities LLC, as Joint Bookrunners and Joint Lead Arrangers, as amended from time to time.

1.15 “Dentsply Subsidiaries” means DeguDent GmbH (formerly known as Degussa Dental GmbH), a German limited liability company and successor-in-interest to Degussa Dental GmbH & Co KG, and wholly owned by the Company; Dentsply Prosthetics U.S. LLC, a Delaware

limited liability company and a wholly owned subsidiary of the Company; and Elephant Dental B.V., a corporation organized under the laws of The Netherlands and a wholly owned subsidiary of the Company.

1.16 “Event of Default” means each and every event specified in Paragraph 8.1 of this Agreement.

1.17 “Financial Statements” means (a) the audited balance sheet of the Company as at December 31, 2011 and the audited statements of income and retained earnings of the Company for the year ended on such date prepared and certified by independent certified public accountants; and (b) a balance sheet of the Company as at September 30, 2012, and combined profit and loss and surplus statements of the Company for the period then ended, together with supporting schedules, prepared on a review basis by independent certified public accountants.

1.18 “Fixed Consignment Fee” means a consignment fee determined in accordance with the provisions of Paragraph 2.5 of **Exhibit D** hereof.

1.19 “Fixed Rate Consignment” means a consignment of Precious Metal by the Consignor to the Company under the Consignment Facility bearing a Fixed Consignment Fee.

1.20 “Fiscal Year” means the year ending December 31.

1.21 “Following Business Day Convention” shall mean that an adjustment will be made if any relevant date would otherwise fall on a day that is not a Business Day so that the date will be the first following day that is a Business Day.

1.22 “GAAP” means United States generally accepted accounting principles consistently applied.

1.23 “Gold” mean gold bullion, having a minimum degree of fineness of ninety-nine and 50/100 percent (99.5%), or being of such quality and in such form the delivery of which would be (a) settlement conforming in all respects with the requirements of the London Bullion Market Association for “international good delivery,” or (b) acceptable in internationally recognized terminal markets mutually acceptable to the Consignor and the Company.

1.24 “Intercreditor and Collateral Sharing Agreement” means that certain Intercreditor and Collateral Sharing Agreement between the Consignor and the Other Consignors with respect to the Company, as the same may be amended from time to time, which Intercreditor and Collateral Sharing Agreement shall be satisfactory to the Consignor in all respects in its sole discretion.

1.25 “Inventory” means all inventory (as defined in Section 9-109(4) of the Uniform Commercial Code) goods, merchandise and other personal property, wherever located, now owned or hereafter acquired by the Company which are held for sale or lease, or furnished or to be furnished under any contract of service or are raw materials, work in process, supplies or materials used or consumed in the Company’s business, and all products thereof, and substitutions, replacements,

additions or accessions thereto, all cash or non-cash proceeds of all of the foregoing including insurance proceeds.

1.26 “Laws” means all applicable ordinances, statutes, rules, regulations, orders, injunctions, writs or decrees of any government or political subdivision or agency thereof, or any court or similar entity established by any thereof.

1.27 “Lenders” means all lenders who are parties to the Credit Agreement from time to time.

1.28 “London Banking Day” means any day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

1.29 “Metals Payment” means, for any Precious Metal, (a) the Company’s payment at the Consignor’s Address or such other place as the Consignor may from time to time specify in writing in the form of immediately available United States dollars in an amount equal to the Value of such Precious Metal on the date of such payment (or, if the Company had previously provided notice to the Consignor by telephone or telecopier of its intention to purchase or settle such Precious Metal on a particular date and the Consignor had fixed the Value of such Precious Metal or otherwise acted in reliance on such notice, and at the Consignor’s election, the Value of such Precious Metal on the date of fix of Value or other action), plus any applicable premium, or any other purchase price to which the parties have agreed in writing, or (b) after notice by telephone or telecopier to an agreement to the same by the Consignor, delivery of like Precious Metal to the Consignor’s designated pool accounts, loco London or through a recognized third party acceptable to the Consignor.

1.30 “Metals Report” means a Precious Metal report of the Company which shall identify Precious Metal by location and which shall identify all liabilities to third parties for toll or other third party Precious Metal by location and by third party and otherwise to be in form acceptable to the Consignor, certified by a financial officer of the Company.

1.31 “Obligations” means any and all indebtedness, obligations and liabilities of the Company to the Consignor of every kind and description, direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising under this Agreement, including, without limitation, all indebtedness and obligations under the Consignment Facility extended to the Company hereunder; and all interest, taxes, fees, charges, expenses and attorneys’ fees chargeable to the Company or incurred by the Consignor hereunder, or any other document or instrument delivered hereunder or as a supplement hereto.

1.32 “Other Consignors” means all suppliers, lenders, consignors or financial institutions who enter into consignment agreements with the Company pursuant to which such supplier, lender, consignor or financial institution agrees to consign Precious Metal to the Company and who become parties to the Intercreditor and Collateral Sharing Agreement.

1.33 “Other Consignment Agreements” means those certain Consignment Agreements or Consignment and Forward Contract Agreements entered into by and between the Other Consignors and the Company from time to time, as the same may be amended from time to time.

1.34 “Other Consignors’ Precious Metal” means all Precious Metal consigned to the Company by the Other Consignors pursuant to the Other Consignment Agreements.

1.35 “Palladium” means palladium plate, having a fineness of not less than ninety-nine and 95/100 percent (99.95%), or being of such quality and in such form the delivery of which would be (a) settlement conforming in all respects with the requirements of the London Platinum and Palladium Market for “international good delivery,” or (b) acceptable in internationally recognized terminal markets mutually acceptable to the Consignor and the Company.

1.36 “Permitted Liens” means, so long as execution thereon has been stayed (whenever applicable):

(a) Liens for taxes, assessments, or similar charges, incurred in the ordinary course of business, which either are not yet due or are being contested in good faith by appropriate proceedings, and as to which the Company shall have set aside adequate reserves;

(b) Pledges or deposits made in the ordinary course of business to secure payment of workmen’s compensation, or to participate in any fund in connection with workmen’s compensation, unemployment insurance, old-age pensions or other social security programs;

(c) Liens of mechanics, materialmen, warehousemen, carriers, or other like liens, securing obligations incurred in the ordinary course of business that are not yet due and payable;

(d) Good faith pledges or deposits made in the ordinary course of business to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, not in excess of ten percent (10%) of the aggregate amount due thereunder, or to secure statutory obligations, or surety, appeal, indemnity, performance or other similar bonds required in the ordinary course of business;

(e) Encumbrances consisting of zoning restrictions, easements, or other restrictions on the use of real property, none of which materially impairs the use of such property by the Company or any Subsidiary in the operation of its business, and none of which is violated in any material respect by existing or proposed structures or land use; and

(f) Liens in favor of the Consignor and the Other Consignors.

1.37 “Person” means an individual, corporation, partnership, limited liability company, joint venture, trust, or unincorporated organization.

1.38 “Platinum” means platinum plate, having a fineness of not less than ninety-nine and 95/100 percent (99.95%), or being of such quality and in such form the delivery of which would be (a) settlement conforming in all respects with the requirements of the London Platinum and

Palladium Market for “international good delivery,” or (b) acceptable in internationally recognized terminal markets mutually acceptable to the Consignor and the Company.

1.39 “Precious Metal” means Gold, Silver, Platinum and Palladium.

1.40 “Premises” means all real estate owned, used or leased by the Company or by any of the Company’s Subsidiaries including, without limitation, the Dentsply Subsidiaries.

1.41 “Prime Rate” means the rate of interest designated by Bank from time to time as being its so-called “prime rate” of interest. The Prime Rate is a reference rate and does necessarily represent the lowest or best rate being charged to any customer. Changes in the rate of interest resulting from changes in the Prime Rate shall take place immediately without notice or demand of any kind.

1.42 “Security Agreement” means the German Security Agreement dated the date hereof of the Company in favor of the Consignor, as amended from time to time, which secures the payment and performance of the Obligations under German law.

1.43 “Silver” means silver bullion, having a minimum degree of fineness of ninety-nine and 90/100 percent (99.90%), or being of such quality and in such form the delivery of which would be (a) settlement conforming in all respects with the requirements of the London Bullion Market Association for “international good delivery,” or (b) acceptable in internationally recognized terminal markets mutually acceptable to the Consignor and the Company.

1.44 “Subsidiary” means any corporation of which more than fifty (50%) percent of the outstanding voting securities shall, at the time of determination, be owned by the Company directly or indirectly through one or more Subsidiaries.

1.45 “Subsidiary Consignment Agreement” means that certain Consignment and Forward Contracts Agreement dated December 20, 2001, as amended from time to time, by and between the Company and the Dentsply Subsidiaries whereby the Company shall consign the Consigned Precious Metal and the Other Consignors’ Precious Metal to the Dentsply Subsidiaries, and all agreements executed or delivered in connection therewith, and all security therefor.

1.46 “Value” means the value of Precious Metal, determined at any date, for Gold, Palladium and Platinum, by the Second London Fix for Gold, Palladium or Platinum, as applicable, on such date, and for Silver, by the London Silver Market fixing price on such date; provided, however, that (a) if no such reference price is set on such date, the last such set price shall be deemed to apply; and (b) if the setting of such reference price is discontinued or for any reason not available to the Consignor for reference as to any Precious Metal, the Consignor at its option may utilize any other recognized reference price or mechanism to determine the value of such Precious Metal on such date and shall notify the Company of the same.

To the extent not defined in this Paragraph 1, unless the context otherwise requires, accounting and financial terms used in this Agreement shall have the meanings attributed to them by GAAP, and all other terms contained in this Agreement shall have the meanings attributed to them by Article

9 of the Uniform Commercial Code in force in the State of New York, as of the date hereof to the extent the same are used or defined therein.

2. CONSIGNMENT FACILITY

2.1 Precious Metal to be Consigned; Insurance; Title.

(a) Subject to the terms and conditions herein set forth and provided that no Event of Default has occurred and is then continuing, on any Business Day during the period from the date hereof until the termination of this Agreement, the Company may from time to time request consignments of Precious Metal with an aggregate Value at any time not to exceed the Consignment Limit, and the Consignor may in its sole discretion provide consignments of Precious Metal to the Company on such terms as provided hereunder or as otherwise may be agreed in writing by the Consignor and the Company.

(b) The parties hereto agree that all transactions in Precious Metal between the Consignor and the Company shall be in accordance with, governed by, and subject to **Exhibit D** attached hereto, the terms of which are incorporated into the Agreement by reference.

2.2 Use of Proceeds.

No portion of the proceeds of the Consignment Facility shall be used, in whole or in part, for the purpose of purchasing or carrying any "margin stock" as such term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

2.3 True Consignment; Grant of Security Interest.

(a) The parties hereto intend that this Agreement shall provide for a true consignment and that all transactions hereunder shall constitute true consignments of the Precious Metal.

(b) To secure the prompt and punctual payment and performance of all indebtedness, obligations and liabilities of the Company to the Consignor under this Consignment Facility, whether now existing or hereafter incurred, the Company hereby grants to the Consignor a continuing security interest in (i) the Consigned Precious Metal, whether now existing or hereafter arising, (ii) all Inventory of the Company which contains Consigned Precious Metal, whether now existing or hereafter arising, and (iii) all proceeds and products of the foregoing to the extent that the Consignor has not received payment with respect to the Consigned Precious Metal content thereof in accordance with the terms hereof. Nothing contained in the foregoing grant is intended to conflict with the true consignment nature of this Agreement.

2.4 Maintenance of Consignment Limit.

(a) If the Consignment Facility Indebtedness at any time exceeds the Consignment Limit, the Company shall promptly, without further notice or demand by Consignor, either:

(i) make payment to the Consignor, as provided in Paragraph 2.4 of **Exhibit D** hereof, for Consigned Precious Metal having an aggregate Value sufficient to result in the remaining Consignment Facility Indebtedness being not more than the Consignment Limit, or

(ii) deliver to the Consignor, at its designated pool accounts loco London or through a recognized third party acceptable to the Consignor, Consigned Precious Metal having an aggregate Value sufficient to result in the remaining Consignment Facility Indebtedness being not more than the Consignment Limit.

2.5 Termination; Return of Precious Metal.

(a) This Agreement is not a commitment of the Consignor to consign Precious Metals or otherwise extend credit to the Company. The Consignor may terminate this Consignment Facility by giving forty-five (45) days' prior written notice of such termination to the Company. Upon giving of such notice, the Consignor may, at its option, suspend or terminate the consignment or delivery of Precious Metal hereunder. ALL SUMS OUTSTANDING UNDER THIS CONSIGNMENT FACILITY WILL BE DUE AND PAYABLE UPON THE EARLIER OF (I) THE OCCURRENCE OF AN EVENT OF DEFAULT AND ACCELERATION OF THE OBLIGATIONS BY THE CONSIGNOR, OR (II) FORTY-FIVE (45) DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM THE CONSIGNOR HEREUNDER.

(b) Subject to Sections 2.5(e) and (f) below, the Company may terminate this Consignment Facility by giving five (5) Business Days' prior written notice of such termination to the Consignor. Upon receipt of such notice, the Consignor shall suspend and terminate the consignment and delivery of Precious Metal hereunder. ALL SUMS OUTSTANDING UNDER THIS CONSIGNMENT FACILITY WILL BE DUE AND PAYABLE FIVE (5) BUSINESS DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM THE COMPANY HEREUNDER.

(c) Termination of this Consignment Facility shall not affect the Company's duty to pay and perform its obligations to the Consignor hereunder in full. Notwithstanding termination, until all Consignment Facility Indebtedness has been fully satisfied, the Consignor shall retain all security interests granted to it and, except for those specific covenants and conditions dealing with the making of consignments, all terms and conditions of this Agreement shall remain in full force and effect.

(d) Upon termination of the Consignment Facility, whether as a result of demand by the Consignor or the occurrence of an Event of Default or notice of termination from the Company, the Company shall immediately upon the effective date of termination make Metals Payment for all Consigned Precious Metal theretofore consigned but for which Metals Payment in full has not been made.

(e) Notwithstanding the provisions of Paragraph 2.5(d) hereof, in the event that the Consignment Facility is terminated as a result of the Consignor giving forty-five (45) days written notice of termination to the Company as set forth in Paragraph 2.5(a) hereof, the Consignor, at its option and in its sole discretion, may agree not to accelerate the Fixed Rate Consignments

and may permit the Company to make Metals Payment for the Consigned Precious Metal on the last day of the Consignment Periods with respect thereto in accordance with their respective terms and with the consignment fees with respect thereto to be payable in accordance with Paragraph 2.5 of **Exhibit D** attached hereto.

3. AUTHORIZED REPRESENTATIVES

The Company shall deliver to the Consignor a certificate or letter certifying to the Consignor the name(s) of all Authorized Representatives, in the form attached hereto as **Exhibit A**. The Consignor may conclusively rely on such certificate or letter until it shall receive a further certificate from the Company in form acceptable to the Consignor canceling or amending the prior list of Authorized Representatives. Any person identifying himself or herself as an Authorized Representative of the Company shall have the right to effect transactions under this Agreement. The Consignor shall have no responsibility or obligation to ascertain whether the person is in fact the Authorized Representative of the Company which he or she claims to be or is, in fact, authorized to effect the transaction. At its option, the Consignor may verify any telephonic or telegraphic request for transaction by calling an Authorized Representative, and where more than one Authorized Representative is so authorized, by calling an Authorized Representative or other individual other than the caller or the individual initiating the transaction. The Company authorizes the Consignor at its option to record electronically all telephonic requests for transactions that the Consignor may receive from the Company or any other person purporting to act on behalf of the Company.

4. CONDITIONS

4.1 Conditions to the Consignor's Obligation to Consign Precious Metal.

(c) As a precondition to the Consignor's consigning Precious Metal (but with the Consignor retaining full discretion as to whether to consign Precious Metal from time to time):

(i) The representations and warranties set forth in Paragraph 6 hereof shall be true and correct on and as of the date hereof and the date each consignment is requested and is to occur.

(ii) The Company shall have executed and delivered to the Consignor, or shall have caused to be executed and delivered to the Consignor in form and substance acceptable to the Consignor, upon the execution of this Agreement, all agreements required by the Consignor for the purpose of securing payment and performance of Company's obligations under this Agreement, together with any other documents required by the terms hereof or thereof, including, without limitation, the Security Agreement and the Collateral Assignment; and all insurance required by the terms hereof and by the Security Agreement, all of which shall at all times remain in full force and effect.

(iii) The Consignor shall have received the favorable written opinion of counsel for the Company, dated the date hereof, satisfactory to the Consignor and its counsel in scope and substance, stating, among other things, that this Agreement and all agreements delivered in connection herewith have been duly authorized, executed and delivered by the

Company and constitute the valid, binding and enforceable obligations of the parties thereto; and such other supporting documents and certificates as the Consignor or its special counsel may reasonably request.

(iv) There shall have been no material adverse change in the Company's financial condition or its financial or business prospects from those represented in any financial statement or other information submitted to the Consignor or upon which the Consignor has relied.

(v) The Company shall have supplied the Consignor with a certificate from an insurance company reasonably satisfactory to the Consignor with respect to the assets of the Company, and a true and complete copy of all insurance policies satisfactory to the Consignor in all respects and which shall include the Bank, as agent for the Consignor and the Other Consignors, as an additional insured and loss payee, as its interests may appear.

(vi) All legal matters incident to the transactions hereby contemplated shall be satisfactory to counsel for the Consignor.

(vii) At the option of the Consignor, the Bank shall have completed an adequate pre-funding examination of the Company evidencing, among other things, satisfactory precious metal controls and physical security controls.

(viii) The Company shall have delivered a Metals Report as of March 31, 2013, which shall be acceptable to the Consignor in its sole discretion.

(ix) No Event of Default as specified in Paragraph 8.1 hereof, nor any event which upon notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing

4.2 Company's Confirmation.

The Company's request to the Consignor for the delivery of Precious Metal under the Consignment Facility shall be deemed to be a representation and warranty to the Consignor that the respective conditions specified in Paragraph 4.1 for such consignment have been satisfied.

5. SECURITY

The repayment of the Obligations shall be secured by, and entitled to the benefits of, the Security Agreement and the Collateral Assignment.

6. REPRESENTATIONS AND WARRANTIES

As a material inducement to the Consignor to deliver Consigned Precious Metal to the Company, the Company hereby represents and warrants to the Consignor (which representations and warranties shall survive the execution of this Agreement and the delivery of Consigned Precious Metal) that:

6.1 Corporate Authority. The Company (i) is duly organized, validly existing and in good standing under the laws of its state of incorporation, (ii) has the requisite corporate power and authority to own its properties and to carry on business as now being conducted, and holds all material permits, authorizations and licenses, without material restrictions or limitations, which are necessary for such ownership or business activity, and (iii) is qualified to do business in every jurisdiction where such qualification is necessary, and has the requisite corporate power to execute, deliver and perform this Agreement, the Security Agreement, the Collateral Assignment, and any security document or documents securing the obligations of the Company under this Agreement. The Company has no reason to believe that any such material permits, authorizations or licenses will be revoked, canceled, rescinded, modified or lost.

6.2 No Conflict. The execution, delivery and performance by the Company of the terms and provisions of this Agreement, the Security Agreement, the Collateral Assignment, and any other such security document(s) have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of government, the articles of incorporation or the by-laws of the Company or any indenture, agreement or other instrument to which it is party, or by which it is bound, or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or, except as may be provided by this Agreement, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Company pursuant to, any such indenture, agreement or other instrument.

6.3 Litigation. There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or, to the knowledge of the Company threatened, against or affecting the Company which, if adversely determined, would have a material adverse effect on the business, operations, properties, assets or condition, financial or otherwise, of the Company.

6.4 Other Agreements. The Company is not a party to any agreement or instrument or subject to any charter or other corporate restriction adversely affecting its business, properties or assets, operations or conditions, financial or otherwise.

6.5 Default. The Company is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which could have a materially adverse effect upon the Company's business, operations, properties, assets, or condition, financial or otherwise.

6.6 Financing Statements. No financing statement or agreement is on file in any public office pertaining to or affecting the Consigned Precious Metal or any Inventory of the Company, now owned or hereafter acquired containing Consigned Precious Metal.

6.7 Representations. No statement of fact made by or on behalf of the Company in this Agreement or in any certificate or schedule furnished to the Consignor pursuant hereto, contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein or herein not misleading. There is no fact presently known to the Company which has not been disclosed to the Consignor which materially affects adversely, nor as far as the Company

can reasonably foresee, will materially affect adversely the property, business, operations or condition (financial or otherwise) of the Company.

6.8 Binding Obligations. This Agreement, the Security Agreement, the Collateral Assignment, all other agreements securing this Agreement have been duly executed and delivered by the Company and constitute legal, valid and binding obligations of the Company, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and other similar laws of general application affecting the rights of creditors generally.

6.9 No Event of Default. No Event of Default as defined in Paragraph 8.1 hereof, and no event which, with the passage of time or the giving of notice, or both, would become such an Event of Default, has occurred and is continuing.

6.10 Financial Statements. The Company has furnished the Financial Statements to the Consignor. The Financial Statements have been prepared in accordance with GAAP on a basis consistent with that of preceding periods and are complete and correct in all material respects and fairly present the financial condition of the Company as at said dates, and the results of its operations for the year or other period ended on said dates. Since the date(s) of the above described balance sheets, there has been no material adverse change in the financial condition of the Company.

6.11 Credit Agreement. The Company reaffirms and restates and incorporates herein by reference, as of the date hereof, all of the representations and warranties made by Company in the Credit Agreement, except to the extent altered by actions permitted pursuant to the terms thereof or expressly contemplated pursuant to the terms hereof or to the extent the Consignor has been advised in writing of any inaccuracy with respect to such representations or warranties and has waived the same in writing.

6.12 Solvency.

(a) The fair salable value of the assets of the Company exceeds as of the date hereof and will, immediately following each consignment and delivery of Consigned Precious Metal and after giving effect to the application of the proceeds of the Consignment Facility, exceed the amount that will be required to be paid on or in respect of its existing debts and other liabilities (including contingent liabilities) as they mature.

(b) The assets of the Company do not as of the date hereof and will not, immediately following each consignment and delivery of Consigned Precious Metal, and after giving effect to the application of the proceeds thereof, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted.

(c) The Company does not intend to, or believe that it will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by the Company and the timing of and amounts of cash to be payable on or in respect of indebtedness of the Company.

7. AFFIRMATIVE AND NEGATIVE COVENANTS

The Company covenants and agrees that, from the date hereof and until payment and performance in full of all Obligations, the Company shall:

7.1 Credit Agreement. Observe, maintain and perform in all material respects all of the covenants and agreements set forth in the Credit Agreement, all of which are fully incorporated herein, are hereby fully restated, shall be fulfilled by the Company and shall remain in full force and effect. Such terms will apply herein, as the same may be amended/extended/renewed in the Credit Agreement, provided that if the Company is no longer a party to the Credit Agreement while this Agreement remains in effect, the terms in effect at the time that the Credit Agreement terminated, or the Company ceased to be a party, shall continue to apply for purposes of this Agreement.

7.2 Litigation. Give prompt written notice to the Consignor of any proceedings instituted against it by or in any Federal or state court or before any commission or other regulatory body, Federal, state or local, which, if adversely determined, would have a materially adverse effect upon its business, operations, properties, assets, or condition, financial or otherwise.

7.3 Financial Condition. Furnish to the Consignor promptly, from time to time, such information regarding its operations, assets, business affairs and financial condition, as the Consignor may reasonably request and promptly advise the Consignor of any material adverse change in its condition, financial or otherwise.

7.4 Audits. Permit agents or representatives of the Bank, for the benefit of the Consignor and the Other Consignors, to inspect, at reasonable hours, the Consigned Precious Metal and the Company's books and records and to make abstracts or reproductions of such books and records and permit the Bank's audit staff, for the benefit of the Consignor and the Other Consignors, to conduct not less than one annual audit and field exam of the Consigned Precious Metal, all such audits and exams to be at the sole cost and expense of the Company.

7.5 Liens. Not create, incur, assume or suffer to exist any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on (a) any of the Consigned Precious Metal or any of the Other Consignors' Precious Metal, or (b) any products or property now or hereafter owned which does or will include Consigned Precious Metal or any of the Other Consignors' Precious Metal.

7.6 Disposition of Property. Not, without the Consignor's prior written consent, sell, lease, transfer or otherwise dispose of the Consigned Precious Metal or the Other Consignors' Precious Metal, except for:

- (a) sales of inventory and other assets in the ordinary course of the Company's business; and
- (b) the consignment of the Consigned Precious Metal and Other Consignors' Precious Metal to the Dentsply Subsidiaries pursuant to the Subsidiary Consignment Agreement, provided that the terms of the Subsidiary

Consignment Agreement must be acceptable to the Bank in all respects and in its sole discretion.

7.7 Corporate Status. Not change its name or place of incorporation unless it has provided the Consignor with thirty (30) days' prior written notice thereof.

7.8 Consigned Precious Metal. Not grant any security interest or ownership rights to any customer or creditor (including any credit institutions) of the Company with respect to any of the Consigned Precious Metal or any of the Other Consignors' Precious Metal regardless of whether or not such customers have prepaid orders for the Consigned Precious Metal or the Other Consignors' Precious Metal or any products or property which does or will include the Consigned Precious Metal or the Other Consignors' Precious Metal and regardless of whether such creditors (including credit institutions) have prior or ongoing security arrangements with the Company, in which case the Company shall ensure that neither the Consigned Precious Metals nor any of the Other Consignors Precious Metal shall be subject to such prior security arrangements.

7.9 Consignments. Not obtain Precious Metal on consignment or credit from any supplier, lender, consignor or financial institution other than the Consignor and the Other Consignors unless such supplier, lender, consignor or financial institution shall first: (a) have entered into a Consignment Agreement with the Company in a form acceptable to the Bank; and (b) become a party to the Intercreditor and Collateral Sharing Agreement with Consignor and the Other Consignors, which Intercreditor and Collateral Sharing Agreement shall be satisfactory to the Bank in all respects in its sole discretion and which shall at all times remain in full force and effect.

7.10 Location of Precious Metal. At all times, all of the Consigned Precious Metal and all of the Other Consignors' Precious Metal shall be located at an Approved Location, or shall be in transit to, or from, an Approved Location.

7.11 Other Consignment Agreements. Not amend any provision of any of the Other Consignment Agreements except in accordance with the provisions of the Intercreditor and Collateral Sharing Agreement.

7.12 Financial Statements. Unless otherwise explicitly waived by the Consignor in writing, furnish to the Consignor:

(a) within ninety (90) days after the end of each Fiscal Year, an audited balance sheet as of the end of such Fiscal Year, and an audited statement of earnings for the Fiscal Year, certified by certified public accountants selected by the Company and reasonably acceptable to the Consignor;

(b) within forty-five (45) days after the end of each calendar quarter, a balance sheet as of the end of such period, and a statement of earnings for the Fiscal Year through the end of such period, prepared either by the Company and certified by a financial officer of the Company or prepared on not less than a compilation basis by independent certified public accountants selected by the Company and reasonably acceptable to the Consignor;

(c) within thirty (30) days of the end of each calendar month, a Metals Report; and

(d) promptly, from time to time such other information regarding its operations, assets, business, affairs and financial condition, including without limitation, an accounts payable reports and agings of the Company, as the Consignor may reasonably request.

7.13 Environmental Matters. With respect to environmental matters:

(a) comply strictly and in all material respects with the requirements of all federal, state, and local environmental laws;

(b) immediately contain and remove any hazardous or toxic material found on the Premises in violation of applicable law, which work must be done in compliance with applicable laws and at the Company's expense; and

(c) indemnify, defend, and hold the Consignor harmless from and against any claim, cost, damage (including, without limitation, consequential damages), expense (including, without limitation, attorneys' fees and expenses), loss, liability, or judgment now or hereafter arising as a result of any claim for environmental cleanup costs, any resulting damage to the environment and any other environmental claims against the Company, the Consignor, or the Premises. The provisions of this subparagraph (c) shall continue in effect and shall survive (among other events) any termination of this Agreement, foreclosure, a deed in lieu of foreclosure transaction, payment and satisfaction of the obligations evidenced hereby or incurred pursuant hereto, and release of any collateral.

7.14 Insurance. Keep its insurable properties adequately insured at all times, by financially sound and reputable insurers, to such extent and against such risks, including fire and other risks insured against by extended coverage, and maintain liability and such other insurance as is customarily maintained by company engaged in similar businesses.

7.15 Notices Relating to Credit Agreement. Forward to the Consignor copies of all amendments to the Credit Agreement and all notices of default issued in connection with the Credit Agreement immediately upon receipt thereof.

8. EVENTS OF DEFAULT AND ACCELERATION

8.1 Events of Default In each case of the occurrence of any one or more of the following events (each of which is herein called an "Event of Default"):

(a) default in the payment or performance of any of the Company's Obligations or agreements hereunder or under the Other Consignment Agreements; or

(b) any representation or warranty made herein or in any certificate, statement or agreement furnished in connection with this Agreement shall prove to be false or misleading in any material respect; or

(c) default in the payment or performance of any obligation or indebtedness of the Company to the Consignor or any affiliate of the Consignor, whether now or hereafter existing and howsoever arising, incurred or evidenced; or

(d) default in the payment or performance of any obligation or indebtedness of the Company to the Lenders or any affiliate of the Lenders under the Credit Agreement, or under any other loan or credit agreement which replaces the Credit Agreement upon its termination, whether now or hereafter existing and howsoever arising, incurred or evidenced; or

(e) default in the payment or performance of any obligation or indebtedness of any of the Dentsply Subsidiaries to the Company under the Subsidiary Consignment Agreement or under any other consignment agreement pursuant to which Precious Metal is consigned to any of the Dentsply Subsidiaries, whether now or hereafter existing and howsoever arising, incurred or evidenced; or

(f) the Company or any of the Dentsply Subsidiaries shall (i) make a general assignment for the benefit of creditors, or (ii) file or suffer the filing of any voluntary or involuntary petition under any chapter of the Bankruptcy Act by or against the Company or under the Insolvency Ordinance (*Insolvenzordnung*) by or against DeguDent GmbH, or (iii) apply for or permit the appointment of a receiver, trustee or custodian of any of its property or business; or (iv) become insolvent to suffer the entry of an order for relief under Title 11 of the United States Code; or (v) make an admission of its general inability to pay its debts as they become due; or

(g) the occurrence of any material loss, theft or destruction of or damage to any of the Consigned Precious Metal or to any of the Other Consignors' Precious Metal; or

(h) the occurrence of any attachment on any of the Consigned Precious Metal or on any of the Other Consignors' Precious Metal; or

(i) default with respect to any evidence of indebtedness of the Company or any of the Dentsply Subsidiaries (other than to the Consignor, the Other Consignors and the Lenders), if the effect of such default is to (x) accelerate the maturity of such indebtedness or permit the holder thereof to cause such indebtedness to become due prior to the stated maturity thereof, and (y) cause a material adverse effect upon the business operations, properties, assets, or condition, financial or otherwise, of the Company or any of the Dentsply Subsidiaries, or

(j) any indebtedness of Company or any Dentsply Subsidiary (other than to the Consignor, the Other Consignors and the Lenders) is not paid, when due and payable, whether at the due date thereof or a date fixed for prepayment or otherwise and such failure has a material adverse effect upon the business, operations, properties, assets, or condition, financial or otherwise, of the Company or any of the Dentsply Subsidiaries; or

(k) the occurrence of any event of default under (x) any agreement now or at any time hereafter securing or guaranteeing performance of this Agreement, including, without limitation, the Security Agreement and the Collateral Assignment, or (y) any agreement now or at

any time hereafter securing or guaranteeing performance of any of the Other Consignment Agreements; or

(l) any direct or indirect change in the majority ownership or control of the Company or any of the Dentsply Subsidiaries; or

(m) the occurrence of any material loss, theft or destruction of or damage to any of the property of the Company or any of the Dentsply Subsidiaries which, in the Consignor's sole reasonable determination, is not adequately insured;

then in any such event, at the Consignor's option, (A) the ability of the Company to request consignments of Precious Metal hereunder shall terminate; (B) all the Company's obligations to the Consignor (including, without limitation, the Consignment Facility) shall become and be immediately due and payable without presentment, demand or notice, all of which are hereby expressly waived, notwithstanding any credit or time allowed to the Company or any instrument evidencing any of the Company's obligations to the Consignor; and (C) the Company shall promptly make payment at the Consignor's Address in the form of immediately available United States dollars in an amount equal to the Obligations, including, without limitation, an amount equal to the Value of the Consigned Precious Metal on the date the Consignor notifies Company of the exercise of its rights hereunder. The Consignor shall in addition have all of the rights and remedies of a secured party under the Uniform Commercial Code with respect to any collateral now or hereafter securing the Company's obligations hereunder. The Company shall, at the Consignor's request, immediately assemble all such collateral and the Consigned Precious Metal, and the Consignor may go upon the Premises to take immediate possession thereof. The Company shall pay all reasonable legal expenses and attorneys' fees incurred by the Consignor in enforcing the Consignor's rights, powers and remedies under this Agreement.

8.2 Consigned Precious Metal. Upon the occurrence and during the continuance of any Event of Default and at any time thereafter, the Consignor may, in its discretion, (a) enter into one or more hedging or similar agreements designed to limit or eliminate the risk and exposure to fluctuations in the price of Consigned Precious Metal, or (b) monetize the Consigned Precious Metal exposure at such time as the Consignor reasonably determines to be appropriate.

8.3 Waiver No failure or delay on the Consignor's part to exercise or to enforce any of the Consignor's rights hereunder or under any other instruments or agreement evidencing any of the Company's obligations to the Consignor or to require strict compliance with the terms hereof or thereof in any one or more instances and no course of conduct on the Consignor's part shall constitute or be deemed to constitute a waiver or relinquishment of any such rights hereunder unless it shall have signed a waiver thereof in writing and no such waiver, unless expressly stated therein, shall be effective as to any transaction which occurs after the date of such waiver or as to any continuance of a breach after such waiver. The Consignor's rights hereunder shall continue unimpaired notwithstanding any extension of time, compromise or other indulgence granted by the Consignor to the Company with respect to any of the Company's obligations to the Consignor or any instrument given the Consignor in connection therewith, and the Company hereby waives notice of any such extension, compromise or other indulgence and consents to be bound thereby as if it had expressly agreed thereto in advance.

9. NO ASSIGNMENT

The rights of the Company under this Agreement may not be assigned to any third party without the prior written consent of the Consignor. All covenants and agreements of the Company contained herein shall bind the Company and its successors and assigns, and shall inure to the benefit of the Consignor, its successors and assigns.

10. EXPENSES

The Company shall pay on demand all reasonable costs and expenses of the Consignor in connection with the preparation, administration, default, collection, waiver or amendment of consignment terms, or in connection with the Consignor's exercise, preservation or enforcement of any of its rights, remedies or options hereunder or under the Security Agreement or the Collateral Assignment, including, without limitation, fees of outside legal counsel, including German counsel, or the allocated costs of in-house legal counsel, accounting, consulting, brokerage or other costs relating to any appraisals or examinations conducted in connection with the Consignment or any collateral therefor, and the amount of all such expenses shall, until paid, bear interest at the rate applicable to unpaid purchase price hereunder (including any default rate) and be an obligation secured by such collateral.

11. GOVERNING LAW; MISCELLANEOUS

11.1 Governing Law. This Agreement shall be governed by and shall be construed under the laws of the State of New York (excluding the laws applicable to conflicts or choice of law) unless otherwise specifically provided. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

11.2 JURISDICTION. THE COMPANY AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT OR ANY OF THE OTHER CONSIGNMENT DOCUMENTS MAY BE BROUGHT BY THE CONSIGNOR IN ITS DISCRETION IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN OR IN THE COURTS OF MUNICH, GERMANY AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURTS AND SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON COMPANY BY MAIL AT THE ADDRESS SET FORTH IN THIS AGREEMENT, IT BEING UNDERSTOOD THAT THE COMPANY MAY ONLY BE ENTITLED TO BRING SUIT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN. THE COMPANY HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM. THE COMPANY AND THE CONSIGNOR MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY

CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER CONSIGNMENT DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PART, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF THE CONSIGNOR RELATING TO THE ADMINISTRATION OF THE CONSIGNMENT FACILITY OR ENFORCEMENT OF THE CONSIGNMENT DOCUMENTS, AND AGREE THAT NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, THE PARTIES HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE COMPANY CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE CONSIGNOR HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE CONSIGNOR WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR LENDER TO ACCEPT THIS AGREEMENT AND EXTENDS THE CONSIGNMENT FACILITY.

11.3 Survival of Covenants. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto, shall survive the consigning of Precious Metal by the Consignor to the Company, the execution and delivery to the Consignor of this Agreement, and shall continue in full force and effect so long as any indebtedness or obligation of the Company to the Consignor is outstanding and unpaid. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assign of such party; and all covenants, promises and agreements contained in this Agreement by or on behalf of the Company shall inure to the benefit of the successors and assigns of the Consignor.

11.4 Late Fee. If the entire amount of a required payment is not paid in full within ten (10) business days after the same is due, the Company shall pay to the Consignor a late fee equal to five percent (5%) of the required payment.

11.5 Default Interest Rate. The Company hereby agrees to pay upon demand, to the extent permitted by law, late charges on any sum or amount not paid when due hereunder at a rate per annum equal to the Prime Rate plus four percent (4%), from the date of delinquency until payment in full. Interest shall be calculated on the basis of a 360-day year counting the actual number of days elapsed. Each change in the Prime Rate charged being effective upon each date the Prime Rate changes..

11.6 Increased Costs. If any present or future applicable law, which expression, as used herein, includes statutes, rules and regulations thereunder and interpretations thereof by any competent court or by any governmental or other regulatory body or official charged with the administration or the interpretation thereof and requests, directives, instructions and notices at any

time or from time to time hereafter made upon or otherwise issued to the Consignor by any central bank or other fiscal, monetary or other authority (whether or not having the force of law), shall:

(a) subject the Consignor to any tax (except for taxes on income or profits), levy, impost, duty, charge, fee, deduction or withholding of any nature with respect to the making of Fixed Rate Consignments, or

(b) materially change the basis of taxation (except for changes in taxes on income or profits) of payments to the Consignor of the principal of or the interest on Fixed Rate Consignments or any other amounts payable to the Consignor under this Agreement for Fixed Rate Consignments, or

(c) impose or increase or render applicable (other than to the extent specifically provided for elsewhere in this Agreement) any special deposit, reserve, assessment, liquidity, capital adequacy or other similar requirements (whether or not having the force of law) against assets held by, or deposits in or for the account of, or loans by, or commitments of an officer of the Consignor, or

(d) impose on the Consignor any other conditions or requirements with respect to Fixed Rate Consignments or any class of loans or commitments of which any of Fixed Rate Consignments form a part;

and the result of any of the foregoing is to increase the cost (1) to the Consignor of making, funding, issuing, renewing, extending or maintaining any of the Fixed Rate Consignments, (1) to reduce the amount of principal, interest or other amount payable to the Consignor hereunder on account of any of the Fixed Rate Consignments or (1) to require the Consignor to make any payment or to forego any interest or other sum payable hereunder, the amount of which payment or foregone interest or other sum is calculated by reference to the gross amount of any sum receivable or deemed received by the Consignor from the Company hereunder, then, and in each such case, the Company will, upon demand by the Consignor, at any time and from time to time and as often as the occasion therefor may arise, terminate this Agreement upon five (5) Business Days' notice after receiving such demand or pay to the Consignor such additional amounts as will be sufficient to compensate the Consignor for such additional cost, reduction, payment or foregone interest or other sum.

11.7 Capital Adequacy. If any present or future law, governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) or the interpretation thereof by a court or governmental authority with appropriate jurisdiction affects the amount of capital required or expected to be maintained by the Consignor or any corporation controlling the Consignor and the Consignor reasonably determines that the amount of capital required to be maintained by it is increased by or based upon the existence of Fixed Rate Consignments made or deemed to be made pursuant hereto, then the Consignor may notify the Company of such fact, and the Company upon demand of the Consignor either terminate this Agreement upon five (5) Business Days' notice after receiving such demand or shall pay to the Consignor from time to time upon demand, as an additional fee payable hereunder, such amount as the Consignor shall determine and certify in a notice to the Company to be an amount that will adequately compensate the Consignor in light of these

circumstances for its increased costs of maintaining such capital. The Consignor shall allocate such cost increases among its customers in good faith and on equitable basis.

11.8 Certificate of Increased Costs and Capital Adequacy. A certificate setting forth any additional amounts payable pursuant to Paragraphs 11.6 and 11.7 and a brief explanation of such amounts which are due, submitted by the Consignor to the Company, shall be prima facie evidence that such amounts are due and owing.

11.9 Assignments. The Consignor shall have the unrestricted right at any time or from time to time, with the Company's consent (such consent shall only be required provided that no Event of Default has occurred and is then continuing), which shall not be unreasonably withheld, to assign all or any portion of its rights and obligations hereunder to one or more banks or other financial institutions (each, an "**Assignee**"), and Company agrees that it shall execute, or cause to be executed, such documents, including without limitations, amendments to this Agreement and to any other documents, instruments and agreements executed in connection herewith as the Consignor shall deem necessary to effect the foregoing. In addition, at the request of the Consignor and any such Assignee, Company shall enter into one or more new Consignment Agreements, as applicable, with any such Assignee and, if the Consignor has retained any of its rights and obligations hereunder following such assignment, to the Consignor, which new Consignment Agreement shall be issued in replacement of, but not in discharge of, the liability evidenced by the Consignment Agreement entered into by the Consignor prior to such assignment and shall reflect the amount of the respective commitments and consignment held by such Assignee and the Consignor after giving effect to such assignment. Each interest assigned hereunder shall be in an amount equal to at least Five Million Dollars (\$5,000,000) of the total commitment of the Consignor. Upon the execution and delivery of appropriate assignment documentation, amendments and any other documentation required by the Consignor in connection with such assignment, and the payment by Assignee of the purchase price agreed to by the Consignor, and such Assignee, such Assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Consignor hereunder (and under any and all other guaranties, documents, instruments and agreements executed in connection herewith) to the extent that such rights and obligations have been assigned by the Consignor pursuant to the assignment documentation between the Consignor and such Assignee, and the Consignor shall be released from its obligations hereunder and thereunder to a corresponding extent. The Consignor may furnish any information concerning the Company in its possession from time to time to prospective Assignee, provided that the Consignor shall require any such prospective Assignee to agree in writing to maintain the confidentiality of such information.

11.10 Participations. The Consignor shall have the unrestricted right at any time and from time to time, with the consent of Company (such consent shall only be required provided that no Event of Default has occurred and is then continuing), which shall not be unreasonably withheld, to grant to one or more banks or other financial institutions (each, a "**Participant**") participating interests in the Consignor's obligation to consign Precious Metal hereunder. Each participating interest granted hereunder shall be in an amount equal to at least Five Million Dollars (\$5,000,000) of the total commitment of the Consignor. In the event of any such grant by the Consignor of a participating interest to a Participant, the Consignor shall remain responsible for the performance of its obligations hereunder and Company shall continue to deal solely and directly with the

Consignor in connection with the Consignor's rights and obligations hereunder. The Consignor may furnish any information concerning the Company in its possession from time to time to prospective Participants, provided that the Consignor shall require any such prospective Participant to agree in writing to maintain the confidentiality of such information.

11.11 Maximum Interest. All agreements between the Company and the Consignor are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Consignor for the use or the forbearance of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof; provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Agreement shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of the Company and the Consignor in the execution, delivery and acceptance of this Agreement to contract in strict compliance with the laws of the State of New York from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the consignment documents at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limits of such validity, and if under or from circumstances whatsoever the Consignor should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements between the Company and the Consignor.

11.12 Payments.

(a) All payments (other than payments in the form of Precious Metal) shall be made by the Company at the office of the Consignor herein set forth or such other place as the Consignor may from time to time specify in writing in lawful currency of the United States of America in immediately available funds, without counterclaim or setoff and free and clear of, and without any deduction or withholding for, any taxes or other payments.

(b) All payments shall be applied first to the payment of all fees, expenses and other amounts due to the Consignor (excluding purchase price for Consigned Precious Metal and consignment fees), then to accrued consignment fees and interest and the balance on account of outstanding purchase prices for Consigned Precious Metal; provided, however, that after the occurrence of an Event of Default, payments will be applied to the obligations of the Company to the Consignor as the Consignor determines in its sole discretion.

(c) If this Agreement or any payment hereunder becomes due on a day which is not a Business Day, the due date of this Agreement or payment shall be extended to the next succeeding Business Day, and such extension of time shall be included in computing interest and fees in connection with such payment.

11.13 Loss of Agreement. Upon receipt of an affidavit of an officer of the Consignor as to the loss, theft, destruction or mutilation of any security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, the Company will issue, in lieu thereof, a replacement security document of like tenor.

11.14 Pledge to Federal Reserve. The Consignor may at any time pledge all or any portion of its rights under the consignment documents to any of the twelve (12) Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or enforcement thereof shall affect the rights or obligations of the Company hereunder or release the Consignor from its obligations under any of the consignment documents.

11.15 Insolvency Proceeding. The Company will not argue or otherwise take the position in any Insolvency Proceeding (defined below) that this Agreement is not a true consignment.

(a) In the event this Agreement is determined to be anything other than a true consignment then the Consignor shall be allowed to include in its resulting claim any and all damages, claims or fees, including, without limitation, termination fees arising from any and all hedging contracts, swap agreements or other similar agreements pertaining to the transactions contemplated by this Agreement (collectively "**Termination Fees**"). If the Consignor chooses to include such Termination Fees in its claim then the Company agrees that, for purposes of any Insolvency Proceeding (defined below), (i) any such claims, actions or proceedings brought by the Consignor (including any terminations, liquidations or accelerations required in connection with such claim) are not subject to an "automatic stay" pursuant to 11 U.S.C. Section 362(a) as a result of such Insolvency Proceeding (defined below) and that the Company will not argue or otherwise contend that the Consignor's claims, actions or proceedings are subject to an automatic stay; (ii) the Company will not plead, argue or otherwise raise any defenses, including, without limitation, defenses arising under the theories of statute of limitations, laches, estoppel or similar theories, to any such civil or administrative claims, actions or proceeding which are brought by the Company; and (iii) the Consignor has a claim against the Company in the aggregate amount of at least the Consignment Facility Indebtedness plus any and all Termination Fees (exclusive of accruing attorneys fees, costs of collection and interest), and the Consignor may pursue such claims without objection.

(b) Additionally, if, notwithstanding anything herein to the contrary, a claim is made upon the Consignor, or any subsequent transferee from the Consignor (collectively the "**Transferee**"), for repayment or recovery of any amount(s) or property or its equivalent received by the Consignor pursuant to this Agreement and, if, resulting from such claim, the Transferee pays all or part of said amount or redelivers property or its equivalent to the claimant by reason of (i) any judgment, decree or order of any court or administrative body, or (ii) any settlement or compromise of any such claim, effected by the Transferee with any such claimant or its representative, then, in any such event, the Company agrees that any such judgment, decree, order settlement or compromise shall be binding upon Company, and the Company shall be and remain liable to the Transferee for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Transferee. The provisions of this paragraph shall survive and continue in effect, notwithstanding any payment of any or all of the amounts pursuant to this

Agreement. The Transferee shall give the Company notice of any such claim in accordance with the provision hereof.

(c) The Company hereby agrees that if it shall (i) file or be the subject of any petition under Title 11 of the United States Code as same may be amended from time to time (the “**Bankruptcy Code**”), (ii) be the subject of any order for relief issued under the Bankruptcy Code, (iii) file or be the subject of any petition, which is not dismissed within sixty (60) days of filing, in the case of an involuntary filing, seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors, (iv) seek, consent to or acquiesce in the appointment of any trustee, receiver, conservator or liquidator, (individually, an “**Insolvency Proceeding**” and, collectively, “**Insolvency Proceedings**”), or (v) be the subject of any order, judgment or decree entered by any court of competent jurisdiction approving a petition filed against the Company in any Insolvency Proceeding, then the Consignor shall thereupon be entitled to relief from any automatic stay imposed by §362 of the Bankruptcy Code, or from any other stay or suspension of remedies imposed in any other manner with respect to the exercise of the rights and remedies otherwise available to the Consignor relating to this Agreement.

(d) The Company’s agreements set forth in this paragraph are provided in exchange for valuable consideration provided in this Agreement.

11.16 Notices. All notices and other communications hereunder shall be in writing, except as otherwise provided in this Agreement; and shall be sent by any one of the following: certified mail, return receipt requested; overnight courier; confirmed telecopier; or by hand and shall be addressed (i) if to the Company, to it at the Company’s Address, and (ii) if to the Consignor, to it at the Consignor’s Address. Notices shall be deemed effective three (3) days after deposit in the mail, if sent by certified mail; the next Business Day, if sent by overnight courier; upon confirmation, if sent by confirmed telecopier; and upon delivery, if sent by hand. The address of any party hereto for such demands, notices and other communications may be changed by giving notice in writing at any time to the other party hereto.

11.17 Waivers in Writing. No modification or waiver of any provision of this Agreement, nor consent to any departure by the Company therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. No notice to, or demand on, the Company, in any case, shall entitle the Company to any other or future notice or demand in the same, similar or other circumstances.

11.18 Delay in Enforcement. Neither any failure or any delay on the part of the Consignor in exercising any right, power or privilege hereunder or under any other instrument given as security therefor, shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or future exercise, or the exercise of any right, power or privilege.

11.19 Severability. In the event any part of this Agreement is found to be unenforceable in any jurisdiction, the remaining provisions of this Agreement shall be binding with the same effect as though the unenforceable part were deleted; provided, however, such provision shall continue

to be enforceable in all other jurisdictions; and provided, further, however, that if a court finds such provision to be unenforceable, such court shall be entitled to modify such provision in order to make the same enforceable.

11.20 Final Agreement. This Agreement is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Agreement. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superseded by this Agreement, and no party is relying on any promise, agreement or understanding not set forth in this Agreement. This Agreement may not be amended or modified except by a written instrument describing such amendment or modification executed by the Company and Consignor.

The next page is a signature page

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

WITNESS: DENTSPLY INTERNATIONAL INC.

_____ By: _____
Title:

By: _____
Title:

THE TORONTO-DOMINION BANK

By: _____
Title:

EXHIBIT INDEX

Exhibit A	Authorized Representatives Letter
Exhibit B	Change in Consignment Limit
Exhibit C	Approved Locations
Exhibit D	Terms of Consignment

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000000-33333

EXHIBIT A

(TO BE TYPED ON COMPANY'S LETTERHEAD)

[_____], 2013

To: THE TORONTO-DOMINION BANK

Dear Sir or Madam:

In accordance with that certain Consignment Agreement dated the date hereof (the "**Consignment Agreement**") by and between the undersigned and **The Toronto-Dominion Bank** (the "**Consignor**"), the undersigned hereby designates the following persons as Authorized Representatives who are authorized by and on behalf of the undersigned: (a) to transact consignment and purchase and sale transactions with the Consignor under the Consignment Facility; (b) to request, and to roll over, Fixed Rate Consignments under the Consignment Facility; and (c) to generally to bind the undersigned in any and all transactions by and between Consignor and the undersigned under the Consignment Facility:

Name	Title
_____	_____
_____	_____
_____	_____

The Consignor is hereby authorized to rely on this authorization until Consignor receives further written notice canceling or amending the foregoing. All capitalized terms used herein without definition shall have the meanings assigned by the Consignment Agreement.

Very truly yours,

DENTSPLY INTERNATIONAL INC.

By: _____
Title:

By: _____
Title:

EXHIBIT B

_____, 201__

DENTSPLY INTERNATIONAL INC.
570 West College Avenue
York, Pennsylvania 17405

Ladies and Gentlemen:

Upon your acceptance of the terms of this letter agreement as evidenced by your execution and delivery to **THE TORONTO-DOMINION BANK** (the “**Consignor**”) on or before _____, 201__, of a copy of this letter, **DENTSPLY INTERNATIONAL INC.** (the “**Company**”), and the Consignor agree effective _____, 201__, to amend the definition of the Consignment Limit contained in Paragraph 1.11 of that certain Consignment Agreement dated [_____], 2013, as the same may have been heretofore amended (the “Consignment Agreement”), by and between Consignor and the Company to read as follows:

“1.11. “Consignment Limit” means:

(a) _____ Dollars (\$_____); or

(b) such limit as Consignor and the Company may agree upon from time to time as evidenced by an amendment in substantially the form of **Exhibit B** attached hereto and made a part hereof or in such other form as Consignor shall require; or

(c) such other limit as Consignor may approve in its sole discretion.”

Except as amended hereby, the Consignment Agreement and all agreements securing or guaranteeing the Consignment Agreement shall remain in full force and effect and are in all respect hereby ratified and affirmed.

Very truly yours,

THE TORONTO-DOMINION BANK,

By: _____
Title:

Accepted and agreed as of the
____ day of _____, 201_.

DENTSPLY INTERNATIONAL INC.

By: _____
Title:

By: _____
Title:

NY1154412.5
000000-33333

EXHIBIT C

APPROVED LOCATIONS

DeguDent GmbH
Rodenbacher Chaussee 4
D-63457 Hanau-Wolfgang
Germany

Elephant Dental
Verlengde Lageweg 10
1628 PM Hoorn
Netherlands

Dentsply Prosthetics (f/k/a Degussa-Ney Dental)
65 West Dudley Town Road
Bloomfield, Connecticut 06002-1316
USA

Coimpa Ltda.
Av. Gen. Rodrigo
Otavio.512, 69077-000
Manaus-AM

Sankin Kogyo Ltd.
Nasu Factory 1382-11
Shimoishigami
Ohtawara City, Tochigi 324-0036

Degussa Dental Austria GmbH
Liesinger Flur-Gasse 2c
1235 Vienna
Austria

Dentsply Prosthetics U.S. LLC
500 West College Avenue
York, Pennsylvania 17401

Dentsply Canada Ltd.
161 Vinyl Court
Woodbridge, Ontario L4L 4A3

EXHIBIT D

Terms of Consignment

1. DEFINITIONS.

When used herein, capitalized terms used herein shall be defined as set forth in the Consignment Agreement, or if not defined in the Consignment Agreement, as follows:

1.47 “Consignment Period” means the period beginning on the Drawdown Date and ending one (1) week, one (1) month, two (2) months, three (3) months, six (6) months or twelve (12) months after such Drawdown Date (or such other period as the Consignor and the Company shall agree upon from time to time thereafter), as the Company may select in its relevant notice pursuant to Paragraph 2.2 or 2.6 of this **Exhibit D**; provided, however, that, if such Consignment Period would otherwise end on a day which is not a London Banking Day, such Consignment Period shall end on the next following London Banking Day.

1.48 “Consignment Request” shall have the meaning assigned by Paragraph 2.2(a) of this **Exhibit D**.

1.49 “Counterparty” means the Person or Persons (including financial institutions) nominated by the Company and approved by the Consignor to receive book entry transfers of Precious Metal where no physical transfer of Precious Metal is contemplated.

1.50 “Drawdown Date” means the date on which any consignment under the Consignment Facility is made or is to be made and the date on which any consignment under the Consignment Facility is rolled over in accordance with Paragraph 2.6 of this **Exhibit D**.

1.51 “Fixed Consignment Fee” means a consignment fee determined in accordance with the provisions of Paragraph 2.5 of this **Exhibit D**.

1.52 “Fixed Rate Consignment” means a consignment of Precious Metal by the Consignor to the Company under the Consignment Facility bearing a Fixed Consignment Fee.

2. CONSIGNMENT FACILITY.

2.6 Consigned Precious Metal; Title; Insurance.

(a) The commodities to be consigned to the Company by the Consignor under the Consignment Facility shall consist of Precious Metal as defined herein. EXCEPT FOR THE FINENESS OF THE PRECIOUS METAL AS SPECIFIED HEREIN, THE CONSIGNOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE GOODS CONSIGNED OR TO BE SOLD HEREUNDER, WHETHER AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER MATTER, AND THE CONSIGNOR HEREBY DISCLAIMS ALL SUCH WARRANTIES.

(b) Title to Consigned Precious Metal shall remain in the Consignor until Metals Payment has been made for such Consigned Precious Metal, whereupon title to such purchased Consigned Precious Metal shall pass to the Company. The Company hereby ratifies the filing of all financing statements and other documents as may be reasonably required by the Consignor to evidence the Consignor's interests as consignor and secured party under the Uniform Commercial Code.

(c) The Company shall timely pay all license fees, assessments and sales, use, excise, value added, gross receipts, property, state excise and other taxes now or hereafter imposed by any governmental body or authority with respect to the possession, use, sale, transfer, consignment, delivery or ownership of the Consigned Precious Metal.

(d) The Precious Metal consigned pursuant to the Consignment Facility and governed by this Agreement shall be such quantity and form of Precious Metal as the Consignor may confirm to the Company from time to time. Precious Metal in the possession or control of the Company, or Precious Metal held by a third party for the account of the Company, shall constitute Consigned Precious Metal notwithstanding that (i) such Precious Metal is in alloyed form or is contained in raw materials, work-in-process or finished goods, (ii) such Precious Metal was delivered to, or credited to the account of, the Company, by a third party in exchange for or in consideration of Precious Metal delivered by the Consignor to such third party, (iii) such Precious Metal was sold by the Company to the Consignor and then consigned back to the Company pursuant to this Agreement, or (iv) such Precious Metal is in the possession of or under the control of any person other than the Company, including any refiner, customer of the Company or bailee.

(e) Immediately upon consignment of Precious Metal to the Company by the Consignor, the Company shall insure the Consigned Precious Metal wherever located, including all Consigned Precious Metal which is in transit, in such amounts and by such insurers as may from time to time be reasonably required by the Consignor, at all locations on an all risk form, (including but not limited to, fidelity insurance for all employees, including officers, if required by the Consignor) as may from time to time be reasonably required by the Consignor. All such insurance policies shall provide at least thirty (30) days' prior written notice to the Consignor of any cancellation or alteration thereof. At the Consignor's request, the Company shall deliver to the Consignor the certificate of an insurance company reasonably satisfactory and a true and complete copy of all insurance policies evidencing the satisfaction of the Company's insurance obligations hereunder and the inclusion of the Consignor as additional insured and loss payee under any applicable policy as its interest may appear; provided, however, that the Consignor shall be under no duty either to ascertain the existence of or to examine any such policy or certificate or to advise the Company in the event such policy shall not comply with the requirements hereof. The Company shall, as between the Consignor and the Company, accept all risk of loss to the Consigned Precious Metal in accordance with the provisions hereof until Metals Payment as hereinafter provided.

(f) The Company shall have the right to prepay the Consignment Facility Indebtedness at any time without premium or penalty, provided, however, any prepayment of a Fixed Rate Consignment on any day other than the last day of the Consignment Period with respect

thereto shall be accompanied by the payment of all loss, costs and expenses due to the Consignor under Paragraph 2.8 of this **Exhibit D**.

2.7 Requests for Consignments.

(n) Requests for delivery of Precious Metal to be held for consignment hereunder shall be made by an Authorized Representative to an authorized officer of the Consignor by telephone or telecopier (the “**Consignment Request**”). Each Consignment Request sent either by telephone or telecopier shall indicate:

- (i) the quantity, type and quality of the Precious Metal to be consigned;
- (ii) the Drawdown Date;
- (iii) the Consignment Period; and
- (iv) the Counterparty at which the Precious Metal will be credited.

(o) The Consignor is not obligated to accept any Consignment Request and may accept or reject a Consignment Request in its sole discretion. If the Consignor accepts a Consignment Request, it may issue a written confirmation to the Company confirming the consignment of Precious Metal to the Company in accordance with the terms of such Consignment Request or as otherwise indicated on the confirmation, which shall state the Fixed Consignment Rate to apply to such consignment. The issuance of a confirmation by the Consignor shall be deemed to be an acceptance by the Consignor of the Consignment Request and the Fixed Consignment Rate and other information set forth in the same which shall be binding on the parties. All confirmations issued by the Consignor shall be deemed to be accurate and shall be conclusively binding upon the Company unless the Company shall dispute such confirmation by written notice (giving the reasons therefor) to the Consignor promptly but in no event later than within three (3) Business Days of receiving such confirmation. In the event of a dispute, the Consignor’s electronic recording of the telephonic request shall be controlling.

(p) Requests for Fixed Rate Consignment of Precious Metal shall be for not less than (i) one (1) kilo, or integral multiples of one (1) kilo in excess thereof, for Gold; (ii) two thousand five hundred (2,500) fine troy ounces, or integral multiples of two thousand five hundred (2,500) fine troy ounces in excess thereof, for Silver; (iii) fifty (50) fine troy ounces, or integral multiples of fifty (50) fine troy ounces in excess thereof, for Platinum; and (iv) fifty (50) fine troy ounces, or integral multiples of fifty (50) fine troy ounces in excess thereof for Palladium.

(q) There shall be no more than seven (7) Fixed Rate Consignments outstanding for Consigned Precious Metal at any one time.

(r) Consignment Requests for Fixed Rate Consignments shall be delivered to the Consignor by 12:00 noon (New York time) two (2) London Banking Days prior to the proposed Drawdown Date.

(s) The Company irrevocably authorizes the Consignor to make or cause to be made, at or about the time of the Drawdown Date of any consignment of Precious Metal or at the time of receipt of any Metals Payment, an appropriate notation on the Consignor's books and records reflecting the making of such consignment of Precious Metal or (as the case may be) the receipt of Metals Payment for Consigned Precious Metal. The amount of the Consignment Facility Indebtedness set forth in the Consignor's books and records shall be prima facie evidence of the Consignment Facility Indebtedness owing and unpaid to the Consignor, but the failure to record, or any error in so recording, any such amount on the Consignor's books and records shall not limit or otherwise affect the obligations of the Company hereunder to make pay and perform its obligation under the Consignment Facility when due.

2.8 Deliveries.

(a) For the purposes of this Agreement, "deliver" or "delivery" shall mean the crediting of Precious Metal by the Consignor to a Counterparty.

(b) When, in accordance with a Consignment Request, the Consignor delivers Precious Metal by book entry to a Counterparty (i) by crediting the Company's account with such Counterparty, or (ii) by instructing such Counterparty to credit the account of a third party at such Counterparty, the Consignor shall have no responsibility for the actions of such Counterparty or third party with respect to such book entry delivery of Precious Metal, and the Company shall have no recourse to the Consignor once the Consignor has completed the delivery by book entry of the Precious Metal to such Counterparty in accordance with the Consignment Request. In further explanation, the Consignor shall not be responsible if (i) the Counterparty fails to credit the Company's account or fails to give credit to the account of said third party, or (ii) if the Counterparty or the third party becomes insolvent. In any such event (i) the Company shall look only to the Counterparty or third party (as applicable) for satisfaction of any claims, (ii) the Company shall indemnify and hold the Consignor harmless from any claim, liabilities or obligations with respect to such transfer, and (iii) the Company shall be obligated to pay the Consignor for the Precious Metal so transferred.

(c) The Consignor shall not physically deliver Precious Metal to the Company hereunder for any reason or at any time and shall have no responsibility for the actions or inaction of any Counterparty.

(d) In addition, the Company may elect to sell Precious Metal to the Consignor which the Consignor may consign back to the Company pursuant to the terms hereof and the same shall be deemed for all purposes to be Consigned Precious Metal and title to such Precious Metal shall immediately and without further action vest in the Consignor. There shall be no requirement for Precious Metal to be physically delivered to the Company by the Consignor in order for such Precious Metal to be considered Consigned Precious Metal hereunder.

(e) Accordingly, Precious Metal consigned pursuant to the Consignment Facility and governed by this Agreement shall be such quantity and type of Precious Metal as the Consignor shall confirm to the Company from time to time. Without limiting the generality of the foregoing, Precious Metal in the possession or control of the Company, or Precious Metal held by a third party

for the account of the Company, shall constitute Consigned Precious Metal consigned pursuant to the Consignment Facility and title shall immediately and without further action vest in the Consignor notwithstanding that (i) such Precious Metal is in alloyed form or is contained in raw materials, work-in-process, or finished goods, (ii) such Precious Metal was delivered to, or credited to the account of, and accepted by the Company, by a third party in exchange for or in consideration of Precious Metal delivered by the Consignor to such third party, (iii) such Precious Metal was sold by the Company to the Consignor and then consigned back to the Company pursuant to this Agreement; or (iv) such Precious Metal was acquired by the Company to replace Consigned Precious Metal which had been sold or otherwise transferred by the Company.

2.9 Purchases and Sales of Precious Metal; Payment.

(a) Provided that no Event of Default (or condition with which the passage of time and/or the giving of notice may become an Event of Default) has occurred and is continuing, the Company may elect to purchase Consigned Precious Metal at any time by notifying the Consignor of its intention to do so at a reasonable time before (which shall be not less than thirty (30) minutes) the fix at which such Precious Metal is to be purchased. The Company shall make a Metals Payment within two (2) Business Days for all Consigned Precious Metal so purchased (but the Consignor may permit the Company to pay prior to such time without premium or discount).

(b) All Metals Payments shall be made without counterclaim or setoff and free and clear of, and without any deduction or withholding for, any taxes or other payments. All Metals Payments shall be applied to the Obligations of the Company to the Consignor as it determines in its sole reasonable discretion. The Company hereby authorizes the Consignor to charge the Company's Account at any time and from time to time for the purpose of making any Metals Payment which is at any time payable hereunder by the Company.

(c) Notwithstanding anything contained herein to the contrary, the Company shall immediately make a Metals Payment for Consigned Precious Metal at the time the Consigned Precious Metal is lost or stolen or the occurrence of any event which causes the Consignor's or the Company's interest in the same to be deemed an "account" under applicable law.

(d) Provided that no Event of Default (or condition with which the passage of time and/or the giving of notice may become an Event of Default) has occurred and is continuing and provided that after giving effect thereto the Consignment Facility Indebtedness does not exceed the Consignment Limit, the Company may elect at any time, to sell Precious Metal to the Consignor and to have the Consignor consign such Precious Metal back to the Company hereunder by notifying the Consignor by telephone or telecopier of its intention to do so within a reasonable time before the fix at which such sale will occur. The Consignor shall pay for such purchased Precious Metal within two (2) Business Days of purchase by federal wire transfer, other customary form of cash payment acceptable to the parties or by credit to the Company's account at approved intermediaries. The Consignor may make early payment if requested by the Company and practicable at such market discount for early payment as quoted from time to time by the Consignor. The Consignor's purchase price shall be at the applicable Value for such purchased Precious Metal less such market discounts as quoted from time to time by the Consignor. The Company shall timely pay and hold the Consignor harmless for all third party charges in connection with all such sales. Sales of Precious Metal by

the Company shall be of not less than (i) one (1) kilo, or integral multiples of one (1) kilo in excess thereof, for Gold; (ii) two thousand five hundred (2,500) fine troy ounces, or integral multiples of two thousand five hundred (2,500) fine troy ounces, in excess thereof for Silver; (iii) fifty (50) fine troy ounces, or integral multiples of fifty (50) fine troy ounces in excess thereof, for Platinum; and (iv) fifty (50) fine troy ounces, or integral multiples of fifty (50) fine troy ounces, in excess thereof for Palladium.

(e) Notwithstanding anything contained herein to the contrary, the Company shall only be permitted to make a physical delivery of Precious Metal in payment of the Obligations with the prior written consent of the Consignor. Any such physical delivery of Precious Metal to the Consignor shall be (i) to a vault designated by the Consignor, (ii) at the Company's expense and risk, (iii) in a form acceptable to the Consignor at a location acceptable to the Consignor subject to such market discounts as may be provided herein and, if required by the Consignor, credited to the Company's Account only upon the Consignor's assaying the Value thereof.

2.10 Consignment Fees.

(d) During such time as Precious Metal is consigned to the Company hereunder and until the same is withdrawn from consignment and paid for in full by the Company as hereinafter provided, the Company shall pay to the Consignor a Fixed Consignment Fee which shall be computed as a percentage of the Value of such Consigned Precious Metal on the Drawdown Date. Each Fixed Consignment Fee shall be calculated for a certain specific quantity and form of Precious Metal consigned to the Company for a certain specific Consignment Period at the rate per annum and in an amount set by the Consignor. The quantity and form of Precious Metal and the Consignment Period shall be selected by the Company, subject to acceptance by the Consignor. Once the specific quantity and form of Precious Metal and the specific Consignment Period have been selected and the Fixed Consignment Fee determined, such selections shall be irrevocable and binding on the Company and shall obligate the Company to accept the consignment requested from the Consignor in the amount, in the form and for the Consignment Period specified.

(e) The Company shall establish the Company's Account. Fixed Consignment Fees shall be accrued on a daily basis and paid by the Consignor debiting the Company's Account on the last day of the applicable Consignment Period.

(f) Subject to the terms and conditions hereinafter set forth, the Company may not select a Consignment Period of more than one (1) Business Day if an Event of Default has occurred and is then continuing without the Consignor's prior consent.

(g) Consignment fees shall be calculated on the basis of a 360-day year counting the actual number of days elapsed.

2.11 Rolling Over of Fixed Rate Consignments.

Subject to the provisions hereof, a Fixed Rate Consignment may be rolled over upon the expiration of its Consignment Period by giving the Consignor notice by telephone or telecopier of the Company's decision to roll over an outstanding consignment at least two (2) London Banking

Days' prior to the day on which such election is effective and subject to the consent of the Consignor. In connection with such notice, the Company shall notify the Consignor of any requested change in the Consignment Period for such Fixed Rate Consignment. Each such request shall be irrevocable by the Company. In the event that the Company does not notify the Consignor of its election hereunder with respect to any Fixed Rate Consignment, such Fixed Rate Consignment shall end at the end of the applicable Consignment Period.

2.12 Illegality.

If (a) by reason of any Regulatory Change, the Consignor determines that adequate and fair means do not or will not exist for determining Fixed Consignment Fees for Consignment Periods in excess of one (1) Business Day, (b) by reason of any Regulatory Change, the Consignor becomes restricted in the amount which it may hold of a category of liabilities which includes Fixed Rate Consignments for Consignment Periods in excess of one (1) Business Day or a category of assets which includes obligations which are Fixed Rate Consignments for Consignment Periods in excess of one (1) Business Day, (c) by reason of any Regulatory Change, it shall be unlawful for the Consignor to maintain a Fixed Rate Consignment having a Consignment Period in excess of one (1) Business Day, (d) in the exclusive judgment of the Consignor, the Fixed Consignment Fees for Consignment Periods in excess of one (1) Business Day do not adequately reflect the cost to the Consignor of making or maintaining the consignment of Precious Metal then, in any such case, any Fixed Rate Consignment having a Consignment Period in excess of one (1) Business Day shall be converted automatically to Fixed Rate Consignment having a Consignment Period of one (1) Business Day. If the Consignor determines that because of a change in circumstances Fixed Rate Consignments having a Consignment Period in excess of one (1) Business Day are again available to the Company hereunder, the Consignor will so advise the Company. The Company shall promptly pay the Consignor any additional amounts necessary to compensate the Consignor for any costs incurred by the Consignor in making any conversion in accordance with this Paragraph, including any interest or fees payable by the Consignor to lenders of funds obtained by it in order to make or maintain Fixed Rate Consignments with a Consignment Period in excess of one (1) Business Day hereunder.

2.13 Indemnity.

The Company shall indemnify the Consignor and hold the Consignor harmless from and against any loss, cost or expense (including loss of anticipated profits) that the Consignor may sustain or incur as a consequence of (a) default by the Company in payment of any Fixed Rate Consignments as and when due and payable (including, without limitation, as a result of prepayment or late payment of the purchase price for the Consigned Precious Metal or the termination of the Consignment Facility pursuant to the terms of this Agreement), which expenses shall include any such loss or expense arising from interest or fees payable by the Consignor to lenders of funds obtained by it in order to maintain Fixed Rate Consignments; (b) default by the Company in taking a consignment or conversion after the Company had given (or is deemed to have given) its request therefor; and (c) the purchase of Consigned Precious Metal bearing a Fixed Consignment Fee or the rollover of any Fixed Rate Consignment to a Fixed Rate Consignment with a different Consignment Period on a day that is not the last day of the applicable Consignment Period with

respect thereto, including interest or fees payable by the Consignor to lenders of funds obtained by it in order to maintain any such consignments.

2.14 Liquidation of Fixed Rate Consignments.

(a) Without limiting the applicability, if any, of any other provision of the U.S. Bankruptcy Code as amended (the “Bankruptcy Code”) (including without limitation Sections 362, 546, 556, and 560 thereof and the applicable definitions in Section 101 thereof), the parties acknowledge and agree that all transactions entered into hereunder will constitute “forward contracts” or “swap agreements” as defined in Section 101 of the Bankruptcy Code or “commodity contracts” as defined in Section 761 of the Bankruptcy Code, that the rights of the parties under Paragraph 8 of the Consignment Agreement will constitute contractual rights to liquidate transactions, that any margin or collateral provided under any margin, collateral, security, pledge, or similar agreement related hereto will constitute a “margin payment” as defined in Section 101 of the Bankruptcy Code, and that the parties are entities entitled to the rights under, and protections afforded by, Sections 362, 546, 556, and 560 of the Bankruptcy Code.”

(b) Each party agrees that the provisions of this Agreement supersede and replace in their entirety any requirements of law relating to adequate assurance of future performance, including without limitation Article 2 of the Uniform Commercial Code.

(c) If an Event of Default has occurred and is continuing, the Consignor shall be entitled to close-out and liquidate all, but not less than all, outstanding Fixed Rate Consignments (except to the extent that in the good faith opinion of the Consignor certain of such Fixed Rate Consignments may not be closed-out and liquidated under applicable law or as provided below) (the date of such close-out, the “Close-Out Date”). Where such close-out and liquidation is to be effected, it shall be effected by closing out each outstanding Fixed Rate Consignment (including any such Fixed Rate Consignment which has not been performed and in respect of which the performance date is on or precedes the Close-Out Date) so that each such Fixed Rate Consignment is canceled, and the Consignor shall calculate in good faith and in a commercially reasonable manner the aggregate termination amounts required to be paid by the Company or the Consignor, as the case may be, to the other party. Notwithstanding the foregoing, the Consignor shall be entitled to close out less than all of the outstanding Fixed Rate Consignments if necessary in order to cause the Company to be in compliance with Paragraph 2.4 of the Consignment Agreement.

2.15 1997 ISDA Bullion Definitions.

To the extent applicable, the provisions of this Agreement are subject to the 1997 ISDA Bullion Definitions (as published by the International Swaps and Derivatives Association, Inc.) which are hereby incorporated herein by reference. To the extent of any conflict between the provisions of this Agreement and the 1997 ISDA Bullion Definitions, the provisions of this Agreement shall prevail and govern.

DENTSPLY International Inc.**Computation of Ratios of Earnings to Fixed Charges**

Exhibit 12.1

(in thousands except ratios)

	Year Ended December 31,				
	2013	2012	2011	2010	2009
Consolidated Earnings:					
Pre-tax income from continuing operations before adjustment for income or loss from equity interests	\$ 369,335	\$ 330,679	\$ 256,111	\$ 357,656	\$ 363,356
Add fixed charges computed below	72,717	82,186	66,761	37,172	33,210
Net adjustments for capitalized interest	16	52	52	43	45
Consolidated Earnings Available for Fixed Charges	<u>\$ 442,068</u>	<u>\$ 412,917</u>	<u>\$ 322,924</u>	<u>\$ 394,871</u>	<u>\$ 396,611</u>
Consolidated Fixed Charges:					
Interest expense per financial statements (a)	\$ 49,625	\$ 56,851	\$ 43,814	\$ 25,089	\$ 21,896
Interest expense - capitalized	160	60	132	22	137
Amortization of deferred financing	4,984	7,045	8,023	428	443
One-third of rental expense representing reasonable approximation of the interest factor	17,948	18,230	14,792	11,633	10,734
Consolidated Fixed Charges	<u>\$ 72,717</u>	<u>\$ 82,186</u>	<u>\$ 66,761</u>	<u>\$ 37,172</u>	<u>\$ 33,210</u>
Consolidated Ratio of Earnings to Fixed Charges	<u>6.08</u>	<u>5.02</u>	<u>4.84</u>	<u>10.62</u>	<u>11.94</u>

(a) Does not include interest related to uncertain tax positions.

Exhibit 21.1**Subsidiaries of DENTSPLY International Inc. (the “Company”)- December 31, 2013**

1. Advanced Technology Research SRL (Italy)
2. AMD Lasers LLC (Indiana)
3. Biotech Dental (HK) Limited (Hong Kong)
4. Ceramco Manufacturing B.V. (Netherlands)
5. DeguDent GmbH (Germany)
6. Dental Depot Lomberg BV (Netherlands)
7. Dentsply (NZ) Limited (New Zealand)
8. Dentsply (Philippines) Inc. (Philippines)
9. Dentsply (Singapore) Pte. Ltd. (Singapore)
10. Dentsply (Thailand) Ltd. (Thailand)
11. Dentsply Acquisition S.a.r.l. (Luxembourg)
12. Dentsply Acquisition US LLC (Luxembourg)
13. Dentsply Argentina S.A.C.e.I. (Argentina)
14. Dentsply Asset Management GmbH & Co KG (Germany)
15. Dentsply Australia Pty. Ltd. (Australia)
16. Dentsply Benelux Sarl (Luxembourg)
17. Dentsply Canada Ltd. (Canada)
18. Dentsply CE S.a.r.l. (Luxembourg)
19. Dentsply CH S.a.r.l. (Luxembourg)
20. Dentsply Dental (Tianjin) Co. Ltd. (China)
21. Dentsply Dental S.a.r.l. (Luxembourg)
22. Dentsply DeTrey GmbH (Germany)
23. Dentsply DeTrey Sarl (Switzerland)
24. Dentsply Deutschland GmbH (Germany)
25. Dentsply Espana SL (Spain)
26. Dentsply EU Holding S.a.r.L (Luxembourg)
27. Dentsply Europe S.A.R.L. (Luxembourg)
28. DENTSPLY Finance Co. (Delaware)
29. Dentsply France S.A.S. (France)
30. Dentsply GAC Europe SAS (France)
31. Dentsply Germany Holdings GmbH (Germany)
32. Dentsply Germany Investments GmbH (Germany)
33. Dentsply Holdings S.a.r.l. (Luxembourg)
34. Dentsply IH AB (Sweden)
35. Dentsply IH AS (Denmark)
36. Dentsply IH AS (Norway)
37. Dentsply IH Benelux B.V. (Netherlands)
38. Dentsply IH France SAS (France)
39. Dentsply IH GmbH Austria (Austria)
40. Dentsply IH GmbH (Germany)
41. Dentsply IH Holding GmbH (Germany)
42. Dentsply IH Inc (Delaware)
43. Dentsply IH K.K. (Japan)
44. Dentsply IH Ltd (UK)
45. Dentsply IH Oy (Finland)
46. Dentsply IH Pty/ Ltd (Australia)
47. Dentsply IH Russia (Russia)
48. Dentsply IH S.A. (Spain)
49. Dentsply IH S.A. (Switzerland)
50. Dentsply IH SP.z.o.o (Poland)
51. Dentsply IH SpA (Italy)
52. Dentsply IH Sverige AB (Sweden)
53. Dentsply Implants Manufacturing GmbH(Germany)

54. Dentsply Implants Taiwan Co, Ltd. (Taiwan)
55. Dentsply Implants Turkey A.S. (Turkey)
56. Dentsply India Pvt. Ltd. (India)
57. Dentsply Industria e Comercio Ltda. (Brazil)
58. Dentsply Israel Ltd. (Israel)
59. Dentsply Italia SrL (Italy)
60. Dentsply Korea Limited (Korea)
61. Dentsply Limited (Cayman Islands)
62. Dentsply LLC (Delaware)
63. Dentsply Luxembourg Sarl (Luxembourg)
64. Dentsply Mexico S.A. de C.V. (Mexico)
65. DENTSPLY North America LLC (Delaware)
66. DENTSPLY Prosthetics U.S. LLC (Delaware)
67. Dentaply Prosthetics Austria GmbH (Austria)
68. Dentsply Russia Limited (U.K.)
69. Dentsply Russia LLC (Russia)
70. Dentsply Sarl (Luxembourg)
71. Dentsply SE S.a.r.l. (Luxembourg)
72. Dentsply Services (Switzerland) S.a.r.L. (Switzerland)
73. Dentsply South Africa (Pty) Limited (South Africa)
74. Dentsply Sweden AB (Sweden)
75. Dentsply Switzerland S.a.r.l. (Switzerland)
76. Dentsply Tianjin International Trading Co. Ltd. (China)
77. DeguDent Industria e Comercio Ltda. (Brazil)
78. DENTSPLY-Sankin K.K. (Japan)
79. DLA Pharmaceutical Ltda. (Brazil)
80. DSHealthcare Inc. (Delaware)
81. Ducera Dental Verwaltungs GmbH (Germany)
82. Elephant Dental B.V. (Netherlands)
83. EndoAction Inc. (Delaware)
84. ES Healthcare (Belgium)
85. ES Holding NV Co.(Belgium)
86. ES Tooling NV (Belgium)
87. GAC (International) Pty Ltd (Australia)
88. GAC Deutschland GmbH (Germany)
89. GAC International Asia Pte. Ltd. (Singapore)
90. GAC International LLC (Delaware)
91. GAC Norge AS (Norway)
92. GAC, SA (Switzerland)
93. Maillefer Instruments Consulting S.a.r.l. (Switzerland)
94. Maillefer Instruments Holding S.a.r.l. (Switzerland)
95. Maillefer Instruments Manufacturing S.a.r.l. (Switzerland)
96. Maillefer Instruments Trading S.a.r.l. (Switzerland)
97. Materialise Dental France SAS (France)
98. Materialise Dental GmbH (Germany)
99. Materialise Dental Inc. (Maryland)
100. Materialise Dental Japan Inc. (70%)(Japan)
101. Materialise Dental NV (Belgium)
102. Materialise Dental Spain S.L.U.(Spain)
103. Materialise Ukraine LLC (Ukraine)
104. Megalopolis Dental S.A. de C.V. (Mexico)
105. Ortho Concept S.a.r.l (France)
106. Orthodontal International, Inc. (California)
107. Orthodontal S.A. de C.V. (Mexico)
108. OrthoSpain S.L. (Spain)
109. Osteointegration Materials LLC (Delaware)

110. Planer Dentaprise GmbH (Austria)
111. Prident (Shanghai) Dental Medical Devices Co., Ltd. (China)
112. Prident International, Inc. (California)
113. PT Dentsply Indonesia (Indonesia)
114. Qi An Hua Rui Limited (Hong Kong)
115. Qi An Hua Rui (Beijing) Technology Limited (China)
116. Raintree Essix Inc. (Delaware)
117. Ransom & Randolph Company (Delaware)
118. Sankin Laboratories K.K. (Japan)
119. TDP NT LLC (Delaware)
120. Tulsa Dental Products LLC (Delaware)
121. Tulsa Luxembourg LLC (Luxembourg)
122. Tulsa Luxembourg S.a.r.l (Luxembourg)
123. Tuzodent S.A. de C.V. (Mexico)
124. VDW GmbH (Germany)
125. Zhermack GmbH (Germany)
126. Zhermack SpA (Italy)
127. Zhermack, Inc. (US - Nevada)
128. Zhermapol SP Zoo (Poland)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 333-167410, 333-101548 and 333-56093) and Form S-3 (333-176307) of DENTSPLY International Inc. of our report dated February 20, 2014 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 20, 2014

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bret W. Wise, certify that:

1. I have reviewed this Form 10-K of DENTSPLY International Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter(the registrant fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ *Bret W. Wise*

Bret W. Wise

Chairman of the Board and Chief Executive Officer

Date: February 20, 2014

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher T. Clark, certify that:

1. I have reviewed this Form 10-K of DENTSPLY International Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter(the registrant fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christopher T. Clark

Christopher T. Clark

President and Chief Financial Officer

Date: February 20, 2014

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of DENTSPLY International Inc. (the "Company") on Form 10-K for the year ending December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), We, Bret W. Wise, Chairman of the Board of Directors and Chief Executive Officer of the Company and Christopher T. Clark, President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge and belief:

- (1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of the date of the Report.

/s/ Bret W. Wise
Bret W. Wise
Chairman of the Board and Chief Executive Officer

/s/ Christopher T. Clark
Christopher T. Clark
President and Chief Financial Officer

Date: February 20, 2014