SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT
TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)
[X]ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2003

OR

[ ]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 0-16211

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

Delaware	39-143466
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

221 West Philadelphia Street, York, Pennsylvania 17405-0872
(Address of principal executive offices) (Zip code)

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

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

Title of each class	Name of each exchange on which registered
None	Not applicable

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

Common Stock, par value $.01 per share
(Title of class)

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 [X] 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 an accelerated filer (as defined in Exchange Act Rule 12b-2).
Yes [X] No [ ]

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 28, 2002 was $2,827,512,659.

The number of shares of the registrant's Common Stock outstanding as of the close of business on March 1, 2004 was 80,239,253.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the definitive Proxy Statement of DENTSPLY International Inc. to be used in connection with the 2004 Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent provided herein. Except as specifically incorporated by reference herein the Proxy Statement is not deemed to be filed as part of this Annual Report on Form 10-K.

PART I

Item 1. Business

Certain statements made by the Company, including without limitation, statements containing the words "plans", "anticipates", "believes", "expects", or words of similar import may be deemed to be forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties which are described in this Item 1 and which may materially affect the Company's business and prospects.

History and Overview

DENTSPLY International Inc. ("DENTSPLY" or the "Company"), a Delaware corporation, was created by a merger of Dentsply International Inc. ("Old Dentsply") and GENDEX Corporation in 1993. Old Dentsply, founded in 1899, was a manufacturer and distributor of artificial teeth, dental equipment, and dental consumable products. GENDEX, founded in 1983, was a manufacturer of dental x-ray equipment and handpieces. On December 11, 2003, the Company entered into a definitive agreement to sell the x-ray equipment business of the prior GENDEX Corporation to Danaher Corporation for $102.5 million which was completed on February 27, 2004. Reference is made to the information about discontinued operations set forth in Note 6 of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

DENTSPLY is the world's largest designer, developer, manufacturer and marketer of a broad range of products for the dental market. The Company's worldwide headquarters and executive offices are located in York, Pennsylvania.

The Company operates within five operating segments all of which are primarily engaged in the design, manufacture and distribution of dental products in three principal categories: 1) Dental consumables, 2) Dental laboratory products, and 3) Specialty dental products. Sales of the Company's dental products accounted for approximately 98% of DENTSPLY's consolidated sales for the year ended December 31, 2003. The remaining 2% of consolidated sales is primarily related to materials sold to the investment casting industry.

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

For 2003, 2002, and 2001, the Company's sales to customers outside the United States, including export sales, accounted for approximately 58%, 56% and 39%, respectively, of consolidated net sales. Reference is made to the information about the Company's United States and foreign sales by shipment origin and assets set forth in Note 4 of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

As a result of the Company's significant international operations, DENTSPLY is subject to fluctuations in exchange rates of various foreign currencies and other risks associated with foreign trade. The impact of currency fluctuations in any given period can be favorable or unfavorable. The impact of foreign currency fluctuations of European currencies on operating income is partially offset by sales in the United States of products sourced from plants and third party suppliers located overseas, principally in Germany and Switzerland. The Company enters into forward foreign exchange contracts to selectively hedge assets, liabilities and purchases denominated in foreign currencies. Reference is made to the information regarding foreign exchange risk management activities set forth in Quantitative and Qualitative Disclosure About Market Risk under Item 7A and Note 17 of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

DENTSPLY believes that the dental products industry is experiencing substantial consolidation with respect to both product manufacturing and distribution, although it continues to be fragmented creating numerous acquisition opportunities. As a result, during the past three years, the Company has made numerous acquisitions including three significant acquisitions made during 2001. In January 2001, the Company acquired the outstanding shares of Friadent GmbH ("Friadent"), a global dental implant manufacturer and marketer previously headquartered in Mannheim, Germany. In March 2001, the Company acquired the dental injectible anaesthetic assets of AstraZeneca ("AZ Assets"). The assets acquired in the business consisted primarily of an exclusive, perpetual, royalty-free licensing rights to the dental products and tradenames. In addition, certain limited equipment was acquired, but no production facilities were acquired as part of the transaction. In October 2001, the Company acquired the Degussa Dental Group ("Degussa Dental"), a manufacturer and seller of dental products, including precious metal alloys, ceramics, dental laboratory equipment and chairside products previously headquartered in Hanau, Germany. Information about these acquisitions and other acquisition and divestiture activities is set forth in Note 3 of the Notes to Consolidated Financial Statements in the Company's 2003 Annual Report to Shareholders and is incorporated herein by reference. These acquisitions are intended to supplement DENTSPLY's core growth and assure ongoing expansion of its business. In addition, acquisitions have provided DENTSPLY with new technologies and additional product breadth.

Certain provisions of DENTSPLY's Certificate of Incorporation and By-laws and of Delaware law could have the effect of making it difficult for a third party to acquire control of DENTSPLY. Such provisions include the division of the Board of Directors of DENTSPLY into three classes, with the three-year term of a class expiring each year, a provision allowing the Board of Directors to issue preferred stock having rights senior to those of the common stock and certain procedural requirements which make it difficult for stockholders to amend DENTSPLY's By-laws and call special meetings of stockholders. In addition, members of DENTSPLY's management and participants in its Employee Stock Ownership Plan collectively own approximately 10% of the outstanding common stock of DENTSPLY, which may discourage a third party from attempting to acquire control of DENTSPLY in a transaction that is opposed by DENTSPLY's management and employees.

Principal Products

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

Dental Consumables. Consumable products consist of dental sundries used in dental offices in the treatment of patient and small equipment used by the dental professional. DENTSPLY's products in this category include dental anesthetics, prophylaxis paste, dental sealants, impression materials, restorative materials, tooth whiteners, and topical fluoride. The Company manufactures thousands of different consumable products marketed under more than a hundred brand names. Small equipment products consist of various durable goods used in dental offices for treatment of patients. DENTSPLY's small equipment products include high and low speed handpieces, intraoral curing light systems and ultrasonic scalers and polishers. Sales of general dental consumables accounted for approximately 35% of the Company's consolidated sales for the year ended December 31, 2003.

Dental Laboratory Products. Laboratory products are used in dental laboratories in the preparation of dental appliances. DENTSPLY's products in this category include dental prosthetics, including artificial teeth, precious metal dental alloys, dental ceramics, and crown and bridge materials. Small equipment in this category includes computer aided machining (CAM) ceramics systems and porcelain furnaces. Sales of dental laboratory products accounted for approximately 33% of the Company's consolidated sales for the year ended December 31, 2003.

Dental Specialty Products. Specialty dental products are used for specific purposes within the dental office and laboratory settings. DENTSPLY's products in this category include endodontic (root canal) instruments and materials, implants, and orthodontic appliances and accessories. Sales of specialty products accounted for approximately 30% of the Company's consolidated sales for the year ended December 31, 2003.

Markets, Sales and Distribution

DENTSPLY distributes approximately 55% of its dental products through domestic and foreign distributors, dealers and importers. However, certain highly technical products such as precious metal dental alloys, dental ceramics, crown and bridge porcelain products, endodontic instruments and materials, orthodontic appliances, implants and bone substitute and grafting materials are sold directly to the dental laboratory or dental professional in some markets. No single customer accounted for more than ten percent of consolidated net sales in 2003.

Reference is made to the information about the Company's foreign and domestic operations and export sales set forth in Note 4 of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

Although much of its sales are made to distributors, dealers, and importers, DENTSPLY focuses its marketing efforts on the dentists, dental hygienists, dental assistants, dental laboratories and dental schools who are the end users of its products. As part of this end-user "pull through" marketing approach, DENTSPLY employs approximately 1,700 highly trained, product-specific sales and technical staff to provide comprehensive marketing and service tailored to the particular sales and technical support requirements of the dealers and the end users. The Company conducts extensive distributor and end-user marketing programs and trains laboratory technicians and dentists in the proper use of its products, introducing them to the latest technological developments at its Educational Centers located throughout the world in key dental markets. The Company also maintains ongoing relationships with various dental associations and recognized worldwide opinion leaders in the dental field.

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

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

In certain countries in Central America, South America and the Pacific Rim, dental care is often limited to the excavation and filling of cavities and other restorative techniques, reflecting more modest per capita expenditures for dental care. These markets demand diverse products such as high and low speed handpieces, restorative compounds, finishing devices and custom restorative devices.

In the People's Republic of China, India, Eastern Europe, the countries of the former Soviet Union, and other developing countries, dental ailments are treated primarily through tooth extraction and denture replacement. These procedures require basic surgical instruments, artificial teeth for dentures and bridgework.

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

The Company believes that the following trends support the Company's confidence in its industry growth outlook:

- Increasing worldwide population.

- Growth of the population 65 or older - The percentage of the United States, European and Japanese population over age 65 is expected to nearly double by the year 2030. In addition to having significant needs for dental care, the elderly are well positioned to pay for the required procedures since they control sizable amounts of discretionary income.

- Natural teeth are being retained longer - Individuals with natural teeth are much more likely to visit a dentist in a given year than those without any natural teeth remaining.

- The Changing Dental Practice in the U.S. - Dentistry in North America has been transformed from a profession primarily dealing with pain, infections and tooth decay to one with increased emphasis on preventive care and cosmetic dentistry.
- Per capita and discretionary incomes are increasing in emerging nations - As personal incomes continue to rise in the emerging nations of the Pacific Rim and Latin America, healthcare, including dental services, are a growing priority.

- The Company's business is less susceptible than other industries to general downturns in the economies in which it operates. Many of the products the Company offers relate to dental procedures that are considered necessary by patients regardless of the economic environment.

Product Development

Technological innovation and successful product development are critical to strengthening the Company's prominent position in worldwide dental markets, maintaining its leadership positions in product categories where it has a high market share, and increasing market share in product categories where gains are possible. While many of DENTSPLY's innovations represent sequential improvements of existing products, the Company also continues to successfully launch products that represent fundamental change. Its research centers throughout the world employ approximately 400 scientists, Ph.D.'s, engineers and technicians dedicated to research and product development. Approximately $43.3 million, $39.9 million, and $27.3 million, respectively, was internally invested by the Company in connection with the development of new products and in the improvement of existing products in the years ended 2003, 2002, and 2001, respectively. There can be no assurance that DENTSPLY will be able to continue to develop innovative products and that regulatory approval of any new products will be obtained, or that if such approvals are obtained, such products will be accepted in the marketplace. Additionally, there is no assurance that entirely new technology or approaches to dental treatment will not be introduced that could obsolete the Company's products.

Operating and Technical Expertise

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

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

- The Company is constructing a major dental anesthetic filling plant outside Chicago. The Company believes that the plant will become operational late in 2004, following the FDA validation of manufacturing practices, at which time it will begin to supply products to certain international markets. This initiative is very important to the Company since the assets acquired from AstraZeneca did not include production facilities. The company has a contract with AstraZeneca to produce the company's requirements at their facilities on a contract manufacturing basis pending the completion of the Company's manufacturing facility in Chicago, Illinois. The contract with AstraZeneca has recently been renegotiated and extended to March 2005, with further extensions available to the Company with six months advance notice. Based on the current contract manufacturing arrangement in place, the Company believes that it has sufficient sources of supply and contractual flexibility to ensure a continued source of supply until the facilities in Chicago are completed.

- A Corporate Purchasing office has been established to leverage the buying power of Dentsply around the world and reduce our product costs through lower prices and reduced related overhead.

- The Company has centralized its warehousing and distribution in North America and Europe. While the initial gains from this strategy have been realized, ongoing efforts are in place to maximize additional opportunities that can be gained through improving our functional expertise in supply chain management. In an effort to improve customer service levels and reduce costs, the Company is currently in the process of relocating its European warehouse form Nijmegen, The Netherlands to Radolfzell, Germany. This relocation is expected to be complete by the first quarter of 2004.

- A Corporate Quality group is focused on improving manufacturing and distribution processes throughout the Company with a goal to eliminate non-value added activities, improving product quality and expanding product margins.

- DENTSPLY has seen significant gains from the formation of a North American Shared Services group. The Company is evaluating the possible efficiency opportunities related to consolidating accounting and finance processes within Europe.

- Information technology initiatives are underway to standardize worldwide telecommunications, implement improved manufacturing and financial accounting systems and an ongoing training of IT users to maximize the capabilities of global systems.

- DENTSPLY continues to pursue opportunities to leverage its assets by consolidating business units where appropriate and to optimize its diversity of worldwide manufacturing capabilities.

Financing

DENTSPLY's long-term debt at December 31, 2003 was $790.2 million and the ratio of long-term debt to total capitalization was 41.3%. This capitalization ratio is down from 54.3% at December 31, 2001, the quarter in which the Degussa Dental acquisition was completed. DENTSPLY may incur additional debt in the future, including the funding of additional acquisitions and capital expenditures. DENTSPLY's ability to make payments on its indebtedness, 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 that are beyond its control. Although the 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 and operate its business.

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 would result in a default under the existing borrowing documentation that would permit the lenders to declare all borrowings under such documentation to be immediately due and payable and, through cross default provisions, would entitle DENTSPLY's other lenders to accelerate their loans. DENTSPLY may not be able to meet its obligations under its outstanding indebtedness in the event that any cross default provision is triggered.

The Company has $21.1 million of long-term debt coming due in the next year. Additional information about DENTSPLY's working capital, liquidity and capital resources provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K.

Competition

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

The size and number of the Company's competitors vary by product line and from region to region. There are many companies that produce some, but not all, of the same types of products as those produced by the Company. Certain of DENTSPLY's competitors may have greater resources than does the Company in certain of its product offerings.

The worldwide market for dental supplies is highly competitive. There can be no assurance that the Company will successfully identify new product opportunities and develop and market new products successfully, or that new products and technologies introduced by competitors will not render the Company's products obsolete or noncompetitive.

Regulation

The Company's products are subject to regulation by, among other governmental entities, the United States Food and Drug Administration (the "FDA"). In general, if a dental "device" is subject to FDA regulation, compliance with the FDA's requirements constitutes compliance with corresponding state regulations. In order to ensure that dental products distributed for human use in the United States are safe and effective, the FDA regulates the introduction, manufacture, advertising, labeling, packaging, marketing and distribution of, and record-keeping for, such products. The anesthetic products sold by the Company are regulated as a drug by the FDA and by all other similar regulatory agencies around the world.

Dental devices of the types sold by DENTSPLY are generally classified by the FDA into a category that renders them subject only to general controls that apply to all medical devices, including regulations regarding alteration, misbranding, notification, record-keeping and good manufacturing practices. DENTSPLY's facilities are subject to periodic inspection by the FDA to monitor DENTSPLY's compliance with these regulations. There can be no assurance that the FDA will not raise compliance concerns. Failure to satisfy FDA requirements can result in FDA enforcement actions, including product seizure, injunction and/or criminal or civil proceedings. In the European Union, DENTSPLY's products are subject to the medical devices laws of the various member states which are based on a Directive of the European Commission. Such laws generally regulate the safety of the products in a similar way to the FDA regulations. DENTSPLY products in Europe bear the CE sign showing that such products adhere to the European regulations.

All dental amalgam filling materials, including those manufactured and sold by DENTSPLY, contain mercury. Various groups have alleged that dental amalgam containing mercury is harmful to human health and have actively lobbied state and federal lawmakers and regulators to pass laws or adopt regulatory changes restricting the use, or requiring a warning against alleged potential risks, of dental amalgams. The FDA's Dental Devices Classification Panel, the National Institutes of Health and the United States Public Health Service have each indicated that no direct hazard to humans from exposure to dental amalgams has been demonstrated. If the FDA were to reclassify dental mercury and amalgam filling materials as classes of products requiring FDA pre-market approval, there can be no assurance that the required approval would be obtained or that the FDA would permit the continued sale of amalgam filling materials pending its determination. In Europe, in particular in Scandinavia and Germany, the contents of mercury in amalgam filling materials has been the subject of public discussion. As a consequence, in 1994 the German health authorities required suppliers of dental amalgam to amend the instructions for use for amalgam filling materials, to include a precaution against the use of amalgam for children under eighteen years of age and to women of childbearing age. DENTSPLY also manufactures and sells non-amalgam dental filling materials that do not contain mercury.

The introduction and sale of dental products of the types produced by the Company are also subject to government regulation in the various foreign countries in which they are produced or sold. DENTSPLY believes that it is in substantial compliance with the foreign regulatory requirements that are applicable to its products and manufacturing operations.

Sources and Supply of Raw Materials

All of the raw materials used by the Company in the manufacture of its products are purchased from various suppliers and are available from numerous sources. No single supplier accounts for a significant percentage of DENTSPLY's raw material requirements.

Intellectual Property

Products manufactured by DENTSPLY are sold primarily under its own trademarks and trade names. DENTSPLY also owns and maintains more than 1,000 patents throughout the world and is licensed under a small number of patents owned by others.

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

Employees

As of December 31, 2003, the Company and its subsidiaries employed approximately 7,600 employees. A small percentage of the Company's employees are represented by labor unions. Hourly workers at the Company's Ransom & Randolph facility in Maumee, Ohio are represented by Local No. 12 of the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America under a collective bargaining agreement that expires on January 31, 2008. Hourly workers at the Company's Midwest Dental Products facility in Des Plaines, Illinois are represented by International Association of Machinists and Aerospace Workers, AFL-CIO in Chicago under a collective bargaining agreement that expires on May 31, 2006. In addition, approximately 30% of DeguDent, a German subsidiary, are represented by labor unions. The Company believes that its relationship with its employees is good.

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

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.

Securities and Exchange Act Reports

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

Item 2. Properties

The following is a current list of DENTSPLY's principal manufacturing locations:

Location	Function	Leased or Owned
United States:		
Los Angeles, California	Manufacture and distribution of investment casting products	Leased
Yucaipa , California	Manufacture and distribution of dental laboratory products and dental ceramics	Owned
Lakewood, Colorado	Manufacture and distribution of bone grafting materials and hydroxylapatite plasma-feed coating materials and distribution of dental implant poducts	Leased
Milford, Delaware	Manufacture of consumable dental products	Owned
Des Plaines, Illinois	Manufacture and assembly of dental handpieces	Leased
Elk Grove Village, Illinois	Future manufacture of anesthetic products	Owned and Leased
Elgin, Illinois	Manufacture of dental x-ray film holders, film mounts and accessories	Owned
Maumee, Ohio	Manufacture and distribution of investment casting products	Owned
York, Pennsylvania	Manufacture and distribution of artificial teeth and other dental laboratory products;	Owned
York, Pennsylvania	Manufacture of small dental equipment and preventive dental products	Owned
Johnson City, Tennessee	Manufacture and distribution of endodontic instruments and materials	Leased
Foreign:		
Catanduva, Brazil	Manufacture and distribution of consumable dental products	Owned
Petropolis, Brazil	Manufacture and distribution of artificial teeth and consumable dental products	Owned

Location	Function	Leased or Owned
Bonsucesso, Brazil	Manufacture and distribution of dental anesthetics	Owned
Tianjin, China	Manufacture and distribution of dental products	Leased
Plymouth, England	Manufacture of dental hand instruments	Leased
Ivry Sur-Seine, France	Manufacture and distribution of investment casting products	Leased
Bohmte, Germany	Manufacture and distribution of dental laboratory products	Owned
Hanau, Germany	Manufacture and distribution of precious metal dental alloys, dental ceramics and dental implant products	Owned
Konstanz, Germany	Manufacture and distribution of consumable dental products	Owned
Mannheim, Germany	Manufacture and distribution of dental implant products	Owned
Munich, Germany	Manufacture and distribution of endodontic instruments and materials	Owned
Rosbach, Germany	Manufacture and distribution of dental ceramics	Owned
New Delhi, India	Manufacture and distribution of dental products	Leased
Nasu, Japan	Manufacture and distribution of precious metal dental alloys, consumable dental products and orthodontic products	Owned
Hoorn, Netherlands	Manufacture and distribution of precious metal dental alloys and dental ceramics	Owned
Las Piedras, Puerto Rico	Manufacture of crown and bridge materials	Owned
Ballaigues, Switzerland	Manufacture and distribution of endodontic instruments	Owned
Ballaigues, Switzerland	Manufacture and distribution of endodontic instruments, plastic components and packaging material	Owned
Le Creux, Switzerland	Manufacture and distribution of endodontic instruments	Owned

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

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

DENTSPLY and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company believes it is remote that pending litigation to which DENTSPLY is a party will have a material adverse effect upon its consolidated financial position or results of operations.

In June 1995, the Antitrust Division of the United States Department of Justice initiated an antitrust investigation regarding the policies and conduct undertaken by the Company's Trubyte Division with respect to the distribution of artificial teeth and related products. On January 5, 1999 the Department of Justice filed a Complaint against the Company in the U.S. District Court in Wilmington, Delaware alleging that the Company's tooth distribution practices violate the antitrust laws and seeking an order for the Company to discontinue its practices. The trial in the government's case was held in April and May 2002. On August 14, 2003, the Judge entered a decision that the Company's tooth distribution practices do not violate the antitrust laws. On October 14, 2003, the Department of Justice appealed this decision to the U.S. Third Circuit Court of Appeals. The parties are proceeding under the briefing schedule issued by the Third Circuit.

Subsequent to the filing of the Department of Justice Complaint in 1999, several private party class actions were filed based on allegations similar to those in the Department of Justice case, on behalf of laboratories, and denture patients in seventeen states who purchased Trubyte teeth or products containing Trubyte teeth. These cases were transferred to the U.S. District Court in Wilmington, Delaware. The private party suits seek damages in an unspecified amount. The Court has granted the Company's Motion on the lack of standing of the laboratory and patient class actions to pursue damage claims. The Plaintiffs in the laboratory case have filed a petition with the Third Circuit to hear an interlocutory appeal of this decision. Also, private party class actions on behalf of indirect purchasers were filed in California and Florida state courts. The California and Florida cases have been dismissed by the Plaintiffs following the decision by the Federal District Court Judge issued in August 2003.

On March 27, 2002, a Complaint was filed in Alameda County, California (which was transferred to Los Angeles County) by Bruce Glover, D.D.S. alleging, inter alia, breach of express and implied warranties, fraud, unfair trade practices and negligent misrepresentation in the Company's manufacture and sale of Advance(R) cement. The Complaint seeks damages in an unspecified amount for costs incurred in repairing dental work in which the Advance(R) product allegedly failed. In September 2003, the Plaintiff filed a Motion for class certification, which the Company opposed. Oral arguments were held in December 2003, and in January, 2004, the Judge entered an Order granting class certification only on the claims of breach of warranty and fraud. In general, the Class is defined as California dentists who purchased and used Advance(R) cement and were required, because of failures of Advance(R), to repair or reperform dental procedures. The Company has filed a Writ of Mandate in the appellate court seeking reversal of the class certification. The Advance(R) cement product was sold from 1994 through 2000 and total sales in the United States during that period were approximately $5.2 million.

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

Not applicable.

Executive Officers of the Registrant

The following table sets forth certain information regarding the executive officers of the Company as of February 28, 2004.

Name	Age	Position
Gerald K. Kunkle Jr.	57	Vice Chairman of the Board and Chief Executive Officer
Thomas L. Whiting	61	President and Chief Operating Officer
Christopher T. Clark	42	Senior Vice President
William R. Jellison	46	Senior Vice President
Rudolf Lehner	46	Senior Vice President
James G. Mosch	46	Senior Vice President
J. Henrik Roos	46	Senior Vice President
Bret W. Wise	43	Senior Vice President and Chief Financial Officer
Brian M. Addison	49	Vice President, Secretary and General Counsel

Gerald K. Kunkle Jr. was named Vice Chairman of the Board and Chief Executive Officer of the Company effective January 1, 2004. Prior thereto, Mr. Kunkle served as President and Chief Operating Officer since January, 1997. Prior to joining DENTSPLY, Mr. Kunkle served as President of Johnson and Johnson's Vistakon Division, a manufacturer and marketer of contact lenses, from January 1994 and, from early 1992 until January 1994, was President of Johnson and Johnson Orthopaedics, Inc., a manufacturer of orthopaedic implants, fracture management products and trauma devices.

Thomas L. Whiting was named President and Chief Operating Officer of the Company effective January 1, 2004. Prior thereto, Mr. Whiting was appointed Executive Vice President since November, 2002.Prior to this appointment, Mr. Whiting served as Senior Vice President since early 1995. Prior to his Senior Vice President appointment, Mr. Whiting was Vice President and General Manager of the Company's L.D. Caulk Operating unit from March 1987 to early 1995. Prior to that time, Mr. Whiting held management positions with Deseret Medical and the Parke-Davis Company.

Christopher T. Clark was named Senior Vice President effective November 1, 2002 and oversees the following areas: North American Group Marketing and Administration; Alliance and Government Sales; and the Ransom and Randolph, DENTSPLY Sankin, L.D. Caulk, and DeDent operating units. Prior to this appointment, Mr. Clark served as Vice President and General Manager of the Gendex operating unit since June 1999. Prior to that time, he served as Vice President and General Manager of the Trubyte operating unit since July of 1996. Prior to that, Mr. Clark was Director of Marketing of the Trubyte Operating Unit since September 1992 when he started with the Company.

William R. Jellison was named Senior Vice President effective November 1, 2002 and oversees the following operating units: DENTSPLY Asia, DENTSPLY Professional, Maillefer, Dentsply Endodontics, including Tulsa Dental Products and Vereinigte Dentalwerke ("VDW"). Prior to this appointment, Mr. Jellison served as Senior Vice President and Chief Financial Officer of the Company since April 1998. Prior to that time, Mr. Jellison held various financial management positions including Vice President of Finance, Treasurer and Corporate Controller for Donnelly Corporation of Holland, Michigan since 1980. Mr. Jellison is a Certified Management Accountant.

Rudolf Lehner was named Senior Vice President effective December 12, 2001 and oversees the following operating units: Degussa Dental Germany, Degussa Dental Austria, Elephant Dental, DENTSPLY France, DENTSPLY Italy, DENTSPLY Russia, DENTSPLY United Kingdom, and Middle East/Africa. Prior to that time, Mr Lehner was Chief Operating Officer of Degussa Dental since mid-2000. From 1999 to mid 2000, he had the overall responsibilities for Sales & Marketing at Degussa Dental. From 1994 to 1999, Mr. Lehner held the position of Chief Executive Officer of Elephant Dental. From 1990 to 1994, he had overall responsibility for international activities at Degussa Dental. Prior to that, Mr Lehner held various positions at Degussa Dental and its parent, Degussa AG, since starting in 1984.

James G. Mosch was named Senior Vice President effective November 1, 2002 and oversees the following operating units: DENTSPLY Pharmaceutical, DENTSPLY Australia, DENTSPLY Brazil, DENTSPLY Canada, DENTSPLY Latin America and DENTSPLY Mexico.. Prior to this appointment, Mr. Mosch served as Vice President and General Manager of the DENTSPLY Professional operating unit since July 1994 when he started with the Company.

J. Henrik Roos was named Senior Vice President effective June 1, 1999 and oversees the following operating units: Ceramco, CeraMed, Friadent, GAC, and Trubyte. Prior to his Senior Vice President appointment, Mr. Roos served as Vice President and General Manager of the Company's Gendex division from June 1995 to June 1999. Prior to that, he served as President of Gendex European operations in Frankfurt, Germany since joining the Company in August 1993.

Bret W. Wise was named Senior Vice President and Chief Financial Officer of the Company effective December 1, 2002. In this position, he is also responsible for Business Development, Accounting, Treasury, Tax, Information Technology, Internal Audit and the Rinn operating unit. Prior to that time, Mr. Wise was Senior Vice President and Chief Financial Officer with Ferro Corporation of Cleveland, OH. Prior to joining Ferro Corporate in 1999, Mr. Wise held the position of Vice President and Chief Financial Officer at WCI Steel, Inc., of Warren, OH, from 1994 to 1999. Prior to joining WCI Steel, Inc., Mr. Wise was a partner with KPMG LLP. Mr. Wise is a Certified Public Accountant.

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

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

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

Item 6. Selected Financial Data

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

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

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

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

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

Item 8. Financial Statements and Supplementary Data

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

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

Not applicable.

Item 9A. Controls and Procedures

(a) Evaluation 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 of the end of the period covered by this report have been designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company believes that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Change in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information (i) set forth under the caption "Executive Officers of the Registrant" in Part I of this Annual Report on Form 10-K and (ii) set forth under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2004 Proxy Statement is incorporated herein by reference.

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to the Chief Executive Officer and the Chief Financial Officer and all of the Company's employees. This Code of Business Conduct and Ethics is provided as Exhibit 99.1 of this Annual Report on Form 10-K.

Item 11. Executive Compensation

The information set forth under the caption "Executive Compensation" in the 2004 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" in the 2004 Proxy Statement is incorporated herein by reference.

Securities Authorized For Issuance Under Equity Compensation Plans

The following table provides information at December 31, 2003 regarding compensation plans and arrangements under which equity securities of DENTSPLY are authorized for issuance.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	8,132,457	28.42	6,116,264 (2)
Equity compensation plans not approved by security holders (3)	45,000	14.83	n/a
Other equity compensation plans not approved by security holders (4)	99,555	n/a	n/a
Total	8,277,012		

(1) Consists of the DENTSPLY International Inc. 1993 Stock Option Plan, 1998 Stock Option Plan and 2002 Stock Option Plan.

(2) The maximum number of shares available for issuance under the 2002 Stock Option Plan is 7,000,000 shares of common stock (plus any shares of common stock covered by any unexercised portion of canceled or terminated stock options granted under the 1993 Stock Option Plan or 1998 Stock Option Plan) (the "Maximum Number"). The Maximum Number (which includes shares already granted as options under the plan) may be increased on January 1 of each calendar year during the term of the 2002 Stock Option Plan to equal 7% of the outstanding shares of common stock on such date, prior to such increase if greater than 7,000,000.

(3) Consists of the Burton C. Borgelt Nonstatutory Stock Option Agreement granted on January 13, 1994. These options were fully exercised in January 2004..

(4) See below for a description of the Directors' Deferred Compensation Plan and the Supplemental Executive Retirement Plan pursuant to which shares of common stock may be issued to outside directors and certain management employees.

Directors Deferred Compensation Plan

Effective January 1, 1997, the Company established a Directors' Deferred Compensation Plan (the "Deferred Plan"). The Deferred Plan permits non-employee directors to elect to defer receipt of directors fees or other compensation for their services as directors. Non-employee directors can elect to have their deferred payments administered as a cash with interest account or a stock unit account. Distributions to a director under the Deferred Plan will not be made to any non-employee director until the non-employee director ceases to be a member of the Board of Directors. Upon ceasing to be a member of the Board of Directors, the deferred non-employee director fees are paid based on an earlier election to have their accounts distributed immediately or in annual installments for up to ten (10) years.

Supplemental Executive Retirement Plan

Effective January 1, 1999, the Board of Directors of the Company adopted a Supplemental Executive Retirement Plan (the "Plan"). The purpose of the Plan is to provide additional retirement benefits for a limited group of management employees whom the Board concluded were not receiving competitive retirement benefits. No actual benefits are put aside for participants and the participants are general creditors of the Company for payment of the benefits upon retirement or termination from the Company. Participants can elect to have these benefits administered as a cash with interest or stock unit account. Upon retirement/termination, the participant is paid the benefits in their account based on an earlier election to have their accounts distributed immediately or in annual installments for up to five (5) years.

Item 13. Certain Relationships and Related Transactions

No relationships or transactions are required to be reported.

Item 14. Principal Accountant Fees and Services

The information set forth under the caption "Relationship with Independent Auditors" in the 2004 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Documents filed as part of this Report

1 Financial Statements

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

Report of Independent Auditors
Consolidated Statements of Income - Years ended December 31, 2003, 2002 and 2001
Consolidated Balance Sheets - December 31, 2003 and 2002
Consolidated Statements of Stockholders' Equity - Years ended December 31, 2003, 2002 and 2001
Consolidated Statements of Cash Flows - Years ended December 31, 2003, 2002 and 2001
Notes to Consolidated Financial Statements

2 Financial Statement Schedules

The following financial statement schedule is filed as part of this Annual Report on Form 10-K:

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 this Annual Report on Form 10-K.

Exhibit Number	Description
3.1	Restated Certificate of Incorporation (17)
3.2	By-Laws, as amended (16)
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. (13)
(b)	United States Commercial Paper Dealer Agreement dated as of March 28, 2002 between the Company and Salomon Smith Barney Inc. (18)
(c)	United States Commercial Paper Dealer Agreement dated as of April 30, 2002 between the Company and Credit Suisse First Boston Corporation. (18)
(d)	Euro Commercial Paper Note Agreement dated as of July 18, 2002 between the Company and Citibank International plc. (18)
(e)	Euro Commercial Paper Dealer Agreement dated as of July 18, 2002 between the Company and Citibank International plc and Credit Suisse First Boston (Europe) Limited. (18)
4.2 (a)	Note Agreement (governing Series A, Series B and Series C Notes) dated March 1, 2001 between the Company and Prudential Insurance Company of America. (14)
(b)	First Amendment to Note Agreement dated September 1, 2001 between the Company and Prudential Insurance Company of America. (16)
4.3 (a)	5-Year Competitive Advance, Revolving Credit and Guaranty Agreements dated as of May 25, 2001 among the Company, the guarantors named therein, the banks named therein, the ABN Amro Bank, N.V as Administrative Agent, and First Union National Bank and Harris Trust and Savings Bank as Documentation Agents. (16)
(b)	364-Day Competitive Advance, Revolving Credit and Guaranty Agreements dated as of May 25, 2001 among the Company, the guarantors named therein, the banks named therein, the ABN Amro Bank, N.V as Administrative Agent, and First Union National Bank and Harris Trust and Savings Bank as Documentation Agents. (16)
(c)	Amendment to the 5-Year Competitive Advance, Revolving Credit and Guaranty Agreements dated as of May 25, 2001 among the Company, the guarantors named therein, the banks named therein, the ABN Amro Bank, N.V as Administrative Agent, and First Union National Bank and Harris Trust and Savings Bank as Documentation Agents. (18)
(d)	Amendment to the 364-Day Competitive Advance, Revolving Credit and Guaranty Agreements dated as of May 25, 2001 among the Company, the guarantors named therein, the banks named therein, the ABN Amro Bank, N.V as Administrative Agent, and First Union National Bank and Harris Trust and Savings Bank as Documentation Agents. (18)
(e)	Amendment to the 5-Year Competitive Advance, Revolving Credit and Guaranty Agreements dated as of August 30, 2001 among the Company, the guarantors named therein, the banks named therein, the ABN Amro Bank, N.V as Administrative Agent, and First Union National Bank and Harris Trust and Savings Bank as Documentation Agents. (18)
(f)	Amendment to the 364-Day Competitive Advance, Revolving Credit and Guaranty Agreements dated as of August 30, 2001 among the Company, the guarantors named therein, the banks named therein, the ABN Amro Bank, N.V as Administrative Agent, and First Union National Bank and Harris Trust and Savings Bank as Documentation Agents. (18)
(g)	Amendment to the 364-Day Competitive Advance, Revolving Credit and Guaranty Agreements dated as of May 24, 2002 among the Company, the guarantors named therein, the banks named therein, the ABN Amro Bank, N.V as Administrative Agent, and First Union National Bank and Harris Trust and Savings Bank as Documentation Agents. (18)
(h)	Amendment to the 364-Day Competitive Advance, Revolving Credit and Guaranty Agreements dated as of May 23, 2003 among the Company, the guarantors named therein, the banks named therein, the ABN Amro Bank, N.V as Administrative Agent, and First Union National Bank and Harris Trust and Savings Bank as Documentation Agents.

4.4		Private placement note dated December 28, 2001 between the Company and Massachusetts Mutual Life Insurance Company and Nationwide Life Insurance Company. (16)
4.5	(a)	Eurobonds Agency Agreement dated December 13, 2001 between the Company and Citibank, N.A. (16)
	(b)	Eurobond Subscription Agreement dated December 11, 2001 between the Company and Credit Suisse First Boston (Europe) Limited, UBS AG, ABN AMRO Bank N.V., First Union Securities, Inc.; and Tokyo-Mitsubishi International plc (the Managers). (16)
	(c)	Pages 4 through 16 of the Company's Eurobond Offering Circular dated December 11, 2001. (16)
10.1		1993 Stock Option Plan (2)
10.2		1998 Stock Option Plan (1)
10.3		2002 Stock Option Plan (17)
10.4		Nonstatutory Stock Option Agreement between the Company and Burton C. Borgelt (3)
10.5	(a)	Trust Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price Trust Company dated as of November 1, 2000. (14)
	(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. (14)
10.6		Written Description of the Chairman's Agreement between the Company and John C. Miles II
10.7		Employment Agreement dated January 1, 1996 between the Company and W. William Weston (9)*
10.8		Employment Agreement dated January 1, 1996 between the Company and Thomas L. Whiting (9)*
10.9		Employment Agreement dated October 11,1996 between the Company and Gerald K. Kunkle Jr. (10)*
10.10		Employment Agreement dated April 20, 1998 between the Company and William R. Jellison (12)*
10.11		Employment Agreement dated September 10, 1998 between the Company and Brian M. Addison (12)*
10.12		Employment Agreement dated June 1, 1999 between the Company and J. Henrik Roos (13)*
10.13		Employment Agreement dated October 1, 2001 between the Company and Rudolf Lehner (16)*
10.14		Employment Agreement dated November 1, 2002 between the Company and Christopher T. Clark (18)*
10.15		Employment Agreement dated November 1, 2002 between the Company and James G. Mosch (18)*
10.16		Employment Agreement dated December 1, 2002 between the Company and Bret W. Wise (18)*
10.17		DENTSPLY International Inc. Directors' Deferred Compensation Plan effective January 1, 1997 (10)*
10.18		Supplemental Executive Retirement Plan effective January 1, 1999 (12)*
10.19		Written Description of Year 2003 Incentive Compensation Plan.
10.20	(a)	AZLAD Products Agreement, dated January 18, 2001 between AstraZeneca AB and Maillefer Instruments Holdings, S.A. (a subsidiary of the Company). (14)
	(b)	AZLAD Products Manufacturing Agreement, dated January 18, 2001 between AstraZeneca AB and Maillefer Instruments Holdings, S.A. (14)
	(c)	AZ Trade Marks License Agreement, dated January 18, 2001 between AstraZeneca AB and Maillefer Instruments Holdings, S.A. (14)
	(d)	AZLAD Products Manufacturing Agreement, effective March 1, 2004 between AstraZeneca AB and Maillefer Instruments Holdings, S.A.
10.21		Sale and Purchase Agreement of Gendex Equipment Business between the Company and Danaher Corporation Dated December 11, 2003.
10.22	(a)	Precious metal inventory Purchase and Sale Agreement dated November 30, 2001 between Fleet Precious Metal Inc. and the Company. (16)
	(b)	Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between JPMorgan Chase Bank and the Company. (16)
	(c)	Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between Mitsui & Co., Precious Metals Inc. and the Company. (16)
21.1		Subsidiaries of the Company
23.1		Consent of Independent Auditors - PricewaterhouseCoopers LLP

31 Section 302 Certification Statements
32 Section 906 Certification Statement
99.1 DENTSPLY International Inc. Code of Business Conduct and Ethics

* Management contract or compensatory plan.

(1) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 (No. 333-56093).

(2) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 (No. 33-71792).

(3) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 (No. 33-79094).

(4) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 (No. 33-52616).

(5) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1993, File No. 0-16211.

(6) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993, File No. 0-16211.

(7) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year December 31, 1994, File No. 0-16211.

(8) Incorporated by reference to exhibit included in the Company's Current Report on Form 8-K dated January 10, 1996, File No. 0-16211.

(9) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, File No. 0-16211.

(10) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, File No. 0-16211.

(11) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 0-16211.

(12) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 0-16211.

(13) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 0-16211.

(14) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, File No. 0-16211.

(15) Incorporated by reference to exhibit included in the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001, File No. 0-16211.

(16) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, File No. 0-16211.

(17) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 (No. 333-101548).

(18) Incorporated by reference to exhibit included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, File No. 0-16211.

Loan Documents

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

(1) Master Grid Note dated November 4, 1996 executed in favor of The Chase Manhattan Bank in connection with a line of credit up to $20,000,000 between the Company and The Chase Manhattan Bank.

(2) Agreement dated June 13, 2001 between Midland Bank PLC and Dentsply Limited for GBP 3,000,000 overdraft and $2,000,000 foreign exchange facility.

(3) Agreement dated June 21, 2001 in the principal amount of $6,000,000 between Dentsply Research and Development Corp, Hong Kong Branch and Bank of Tokyo Mitsubishi.

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

(b) Reports on Form 8-K

On January 28, 2004, the Company filed a Form 8-K, under item 12, furnishing the press release issued on January 27, 2004 regarding its fourth quarter 2003 sales and earnings.

On February 3, 2004, the Company filed a Form 8-K, under item 12, furnishing a transcript of its January 28, 2004, conference call regarding the Company's discussion of its fourth quarter 2003 sales and earnings.

On March 1, 2004, the Company filed a Form 8-K, under item 5, furnishing a summary of the Company's quarterly results of operations for the fiscal years 2003 and 2002, related to its continuing and discontinued operations.

SCHEDULE II

DENTSPLY INTERNATIONAL INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2003

Description		Balance at Beginning of Period	Additions: Charged (Credited) To Costs And Expenses	Additions: Charged to Other Accounts	Write-offs Net of Recoveries	Translation Adjustment	Balance at End of Period
				(in thousands)			
Allowance for doubtful accounts:							
For Year Ended December 31,							
	2001	$ 6,360	$ 2,844	$ 5,289 (a)	$(1,638)	$ (253)	$ 12,602
	2002	12,602	2,904	3,560 (b)	(1,987)	1,413	18,492
	2003	18,492	569	(29)	(4,771)	2,041	16,302
Allowance for trade discounts:							
For Year Ended December 31,							
	2001	1,629	555	-	(1,194)	(77)	913
	2002	913	988	-	(871)	61	1,091
	2003	1,091	1,494	19	(1,681)	139	1,062
Inventory valuation reserves:							
For Year Ended December 31,							
	2001	14,942	4,369	8,409 (c)	(2,996)	(365)	24,359
	2002	24,359	4,855	4,671 (d)	(5,581)	2,366	30,670
	2003	30,670	2,845	(22)	(3,418)	3,037	33,112
Deferred tax asset valuation allowance:							
For Year Ended December 31,							
	2001	2,353	909	-	(215)	(183)	2,864
	2002	2,864	3,431	-	(1,129)	176	5,342
	2003	5,342	5,764	-	(2,596)	1,139	9,649

- ------------------

(a) Includes $389 from acquisition of Friadent and $4,900 from acquisition of Degussa Dental.
(b) Includes $797 from acquisition of Austenal and $2,763 related to the acquisition of Degussa Dental.
(c) Includes $1,580 from acquisition of Friadent and $6,829 from acquisition of Degussa Dental.
(d) Includes $588 from acquisition of Austenal and $4,083 related to the acquisition of Degussa Dental.

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
SELECTED FINANCIAL DATA

	Year ended December 31,				
	2003	2002	2001	2000	1999
	(dollars in thousands, except per share amounts)				
Statement of Income Data:					
Net sales	$ 1,570,925	$ 1,417,600	$ 1,045,275	$ 810,409	$ 763,093
Net sales without precious metal content	1,365,890	1,230,511	994,630	810,409	763,093
Gross profit	773,201	704,411	542,838	438,728	406,933
Restructuring and other costs (income)	3,700	(2,732)	5,073	(56)	-
Operating income	267,983	249,452	170,209	155,571	143,099
Income before income taxes	251,196	214,090	179,522	146,907	134,216
Net income from continuing operations (1)	$ 169,853	$ 143,641	$ 117,714	$ 97,822	$ 87,586
Net income from discontinued operations	4,330	4,311	3,782	3,194	2,277
Total net income (1)	$ 174,183	$ 147,952	$ 121,496	$ 101,016	$ 89,863
Earnings per common share - basic:					
Continuing operations (1)	$ 2.16	$ 1.84	$ 1.51	$ 1.26	$ 1.11
Discontinued operations	0.05	0.05	0.05	0.04	0.03
Total earnings per common share - basic (1)	$ 2.21	$ 1.89	$ 1.56	$ 1.30	$ 1.14
Earnings per common share - diluted					
Continuing operations (1)	$ 2.11	$ 1.80	$ 1.49	$ 1.25	$ 1.10
Discontinued operations	0.05	0.05	0.05	0.04	0.03
Total earnings per common share - diluted (1)	$ 2.16	$ 1.85	$ 1.54	$ 1.29	$ 1.13
Cash dividends declared per common share	$ 0.19700	$ 0.18400	$ 0.18333	$ 0.17083	$ 0.15417
Weighted Average Common Shares Outstanding:					
Basic	78,823	78,180	77,671	77,785	79,131
Diluted	80,647	79,994	78,975	78,560	79,367
Balance Sheet Data:					
Cash and cash equivalents	$ 163,755	$ 25,652	$ 33,710	$ 15,433	$ 11,418
Total assets	2,445,587	2,087,033	1,798,151	866,615	863,730
Total debt	812,175	774,373	731,158	110,294	165,467
Stockholders' equity	1,122,069	835,928	609,519	520,370	468,872
Return on average stockholders' equity	17.8%	20.5%	21.5%	20.4%	20.4%
Long-term debt to total capitalization	41.3%	47.9%	54.3%	17.4%	23.7%
Other Data:					
Depreciation and amortization	$ 45,661	$ 41,352	$ 51,512	$ 39,170	$ 37,479
Capital expenditures	76,583	55,476	47,529	26,885	31,944
Property, plant and equipment, net	376,211	313,178	240,890	181,341	180,536
Goodwill and other intangibles, net	1,209,739	1,134,506	1,012,160	344,753	349,421
Interest expense, net	24,205	27,389	18,256	6,735	12,247
Cash flows from operating activities	257,992	172,983	211,068	145,622	125,622
Inventory days	93	100	93	114	122
Receivable days	50	49	46	52	52
Income tax rate	32.4%	32.9%	34.4%	33.4%	34.7%

(1) In the first and second quarters of 2003, the Company recorded pre-tax charges of $4.1 million and $5.5 million, respectively, related primarily to adjustments to inventory, accounts receivable and prepaid expense accounts at one division in the United States and two international subsidiaries. Of the $9.6 million in total pre-tax charges, $2.4 million were determined to be properly recorded as changes in estimates, $0.4 million were determined to be errors between the first and second quarters of 2003, and the remaining $6.8 million ($4.6 million after-tax) were determined to errors relating to prior periods. In addition, the Company determined that $4.8 million of reserves reversed in 2003 and $4.1 million of reserves reversed in 2001 and 2002 should have been reversed in earlier periods or had been erroneously established. In the aggregate, had the charge and reserve errors been recorded in the proper period, reported net income would have increased by $0.8 million ($0.1 per basic and diluted share) in 2000, increased by $1.2 million ($0.02 per basic and diluted share) in 2001, and decreased by $3.4 million ($0.04 per basic and diluted share) in 2002. The effect of recording the Charge Errors and Reserve Errors in 2003 reduced net income by $1.3 million ($0.02 per basic and diluted share). Following a quantitative and qualitative assessment of materiality, Company concluded that the charges and reserve errors were not material to the results of operations and financial position of the Company for the years ended December 31, 2000, 2001, 2002 and 2003 and accordingly, the prior period financial statements have not been restated. See Note 19 to the consolidated financial statements for additional information related to this matter.

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

Certain statements made by the Company, including without limitation, statements in the Overview section below and other statements containing the words "plans", "anticipates", "believes", "expects", or words of similar import may be deemed to be forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties which may materially affect the Company's business and prospects, and should be read in conjunction with the risk factors and uncertainties discussed within Item I, Part I of this Annual Report on Form 10-K.

OVERVIEW

Dentsply International Inc. is the world's largest manufacturer of professional dental products . The Company is headquartered in the United States, and operates in more than 120 other countries, principally through its foreign subsidiaries. While the United States and Europe are the Company's largest markets, the Company serves all of the major professional dental markets worldwide. In 2003, sales to customers outside the United States represented 58% of the Company's net sales.

There are several important aspects of its business which the Company has commented on in the past. These include: (1) internal growth in the United States, Europe and the Pacific Rim; (2) the development and introduction of innovative new products; (3) growth through acquisition; and (4) continued focus on controlling costs and enhancing efficiency. We define "internal growth" as the increase in our net sales from period to period, excluding precious metal content, the impact of changes in currency exchange rates, and the net sales, for a period of twelve months following the transaction date, of businesses that we have acquired or divested.

In 2003, overall economic conditions resulted in a slowing of the Company's internal growth rate in the United States, the largest dental market in the world. Our internal growth rate in the United States slowed to 3.3% in 2003, down from rates of 9.0% and 7.2% experienced in 2002 and 2001, respectively. Management expects that economic conditions will improve in the United States in 2004 and thus anticipates that our internal growth rate will accelerate as economic conditions improve. In contrast to the United States, the rate of internal growth in Europe in 2003 improved to 8.6%, compared to 6.6% and 5.0% in 2002 and 2001, respectively. Management believes that this growth rate resulted from strong market acceptance in Europe of our product portfolio and our improved market presence stemming from the acquisitions we completed throughout 2001. Management anticipates continued strong growth in Europe in 2004. Japan represents the third largest dental market in the world behind the United States and Europe. Japan's dental market growth closely parallels its economic growth. The Company views the Japanese market as an important growth opportunity, both in terms of a recovery in the Japanese economy and the opportunity to increase our market share. In 2002 and early 2003, the growth rate in the dental markets in Asia was among the highest in the world. The SARs crisis experienced in 2003 caused substantial disruption in the dental markets in several key Asian countries. Trends in late 2003 and early 2004 show a recovery in Asian dental market conditions, but it is not yet clear whether this improvement is sustainable. Although Asia, excluding Japan, represented only 3.3% of the Company's sales in 2003, management believes that the Asian markets represent a long-term growth opportunity for the industry and the Company.

Product innovation is an important element of the Company's growth strategy. Management plans include an acceleration of investment in research and development of approximately 20% in 2004 to support new and innovative products and technology. Management believes that the Company's strategy of being a lead innovator in the industry is an important element to the long-term success of the Company.

Although the professional dental market in which the Company operates has experienced consolidation, it is still a fragmented industry. The Company continues to focus on opportunities to expand the Company's product offerings through acquisition. Management believes that there will continue to be adequate opportunities to participate as a consolidator in the industry for the foreseeable future.

The Company also remains focused on reducing costs and improving competitiveness. Management expects to continue to consolidate operations or functions and reduce the cost of those operations and functions while improving service levels. The Company believes that the benefits from these opportunities will improve the cost structure and offset areas of rising costs such as energy, benefits, regulatory oversight and compliance and financial reporting in the United States.

FACTORS IMPACTING COMPARABILITY BETWEEN YEARS

Acquisitions

In January 2002, the Company acquired the partial denture business of Austenal Inc. ("Austenal"), and in 2001 the Company made three significant acquisitions. In January 2001, the Company acquired the outstanding shares of Friadent GmbH ("Friadent"), a global dental implant manufacturer and marketer. In March 2001, the Company acquired the dental injectible anaesthetic assets of AstraZeneca ("AZ Assets"). In October 2001, the Company acquired the Degussa Dental Group ("Degussa Dental"), a manufacturer and seller of dental products, including precious metal alloys, ceramics, dental laboratory equipment and chairside products. The details of these transactions are discussed in Note 3 to the Consolidated Financial Statements. The results of these acquired companies have been included in the consolidated financial statements since the dates of acquisition. These acquisitions, accounted for using the purchase method, significantly impact the comparability between 2001 and 2002.

Accounting Charges and Reserve Reversals

In the first and second quarters of 2003, the Company recorded pretax charges of $4.1 million and $5.5 million, respectively, related primarily to adjustments to inventory, accounts receivable, and prepaid expense accounts at one division in the United States and two international subsidiaries. All of these operating units had been involved in integrating one or more of the acquisitions completed in 2001. Of the $9.6 million in total pretax charges recorded in the first and second quarters of 2003, $2.4 million were determined to be properly recorded as changes in estimate, $0.4 million were determined to be errors between the first and second quarters of 2003, and the remaining $6.8 million ($4.6 million after tax) were determined to be errors relating in prior periods ("Charge Errors"). The Charge Errors included $3.0 million related to inaccurate reconciliations and valuation of inventory, $2.0 million related to inaccurate reconciliations and valuation of accounts receivable, $1.3 million related to unrecoverable prepaid expenses and $0.5 million related to other accounts. Had the Charge Errors been recorded in the proper period, net income as reported would have been decreased by $0.6 million ($0.01 per diluted share) in 2001 and $4.0 million ($0.05 per diluted share) in 2002. Recording the effect of the Charge Errors in 2003 reduced net income by $4.6 million ($0.06 per diluted share).

In addition to the aforementioned, in the first and second quarters of 2003, the Company determined that $4.8 million in reserves reversed in 2003 and $4.1 million of reserves reversed in 2001 and 2002 should have been reversed in earlier years or had been erroneously established ("Reserve Errors). The Reserve Errors occurred in 2000 through 2002 and related primarily to asset valuation accounts and accrued liabilities, including (on a pre-tax basis) $5.1 million related to product return provisions, $1.1 million related to bonus accruals, $0.8 million related to product warranties, $0.7 million related to inventory valuation and $1.2 million related to other accounts. Had the Reserve Errors been recorded in the proper period, they would have increased net income as reported by $0.8 million ($0.01 per diluted share) in 2000, $1.8 million ($0.02 per diluted share) in 2001 and $0.7 million ($0.01 per diluted share) in 2002. Recording the effect of the Reserve Errors in 2003 increased net income by $3.3 million ($0.04 per diluted share).

The above described charges (including the $2.4 million changes in estimates) and Reserve Errors amounted to $19.9 million (pre-tax) on an absolute basis and occurred from 2000 through the second quarter of 2003. Included in this total, are $2.0 million of Reserve Errors and $0.4 million of Charge Errors that originated and reversed in different quarters of same year. In the aggregate, had the Charge Errors and Reserve Errors described above been recorded in the proper period, reported net income would have increased by $0.8 million ($0.01 per diluted share) in 2000, $1.2 million ($0.02 per diluted share) in 2001 and decreased by $3.4 million ($0.04 per diluted share) in 2002. The effect of recording the Reserve Errors and Charge Errors in 2003 reduced net income by $1.3 million ($0.02 per diluted share).

The Company performed an analysis of the Charge Errors and Reserve Errors on both a qualitative and quantitative basis and concluded that the errors were not material to the results of operations and financial position of the Company for the years ended December 31, 2000, 2001, 2002 and 2003. Accordingly, prior period financial statements have not been restated.

Discontinued Operations

In December 2003, the Company entered into an agreement to sell its Gendex equipment business to Danaher Corporation. Additionally, the Company announced to its dental needle customers that it was discontinuing production of dental needles. The sale of the Gendex business and discontinuance of dental needle production have been accounted for as discontinued operations pursuant to Statement of Financial Accounting Standard No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". The results of operations for all periods presented have been restated to reclassify the results of operations for both the Gendex equipment and the dental needle businesses to discontinued operations.

Reclassifications

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

RESULTS OF CONTINUING OPERATIONS, 2003 COMPARED TO 2002

Net Sales

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

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

	Year Ended December 31,		
	2003	2002	2001
	(in millions)		
Net Sales	$ 1,570.9	$ 1,417.6	$1,045.3
Precious Metal Content of Sales	(205.0)	(187.1)	(50.7)
Net Sales Excluding Precious Metal Conten	$ 1,365.9	$ 1,230.5	$ 994.6

Management believes that the presentation of net sales excluding precious metal content provides useful information to investors because a significant portion of DENTSPLY's net sales is comprised of sales of precious metals generated through sales of the Company's precious metal alloy products, which are used by third parties to construct crown and bridge materials.

Due to the fluctuations of precious metal prices and because the precious metal content of the Company's sales is largely a pass-through to customers and has minimal effect on earnings, DENTSPLY reports sales both with and without precious metal content to show the Company's performance independent of precious metal price volatility and to enhance comparability of performance between periods.

The Company uses its cost of precious metal purchased as a proxy for the precious metal content of sales, as the precious metal content of sales is not separately tracked and invoiced to customers. The Company believes that it is reasonable to use the cost of precious metal content purchased in this manner since precious metal alloy sale prices are adjusted when the prices of underlying precious metals change.

Net sales in 2003 increased $153.3 million, or 10.8%, to $1,570.9 million. Net sales, excluding precious metal content, increased $135.4 million, or 11.0%, to $1,365.9 million. Sales growth excluding precious metal content was comprised of 4.5% internal growth, 6.6% foreign currency translation less 0.1% for net acquisitions/divestitures. The 4.5% internal growth was comprised of 8.6% in Europe, 3.3% in the United States and 0.4% for all other regions combined.

The internal sales growth in 2003, excluding precious metal content, was highest in Europe with strong growth in endodontic, dental implant and certain laboratory products. In the United States internal sales growth was strongest in endodontic and orthodontic products and other chairside consumables, offset by a softening in sales to dental laboratories. The market for dental laboratory products tends to be the most sensitive to economic cycles and contracted in the United States in 2003.

Gross Profit

Gross profit was $773.2 million in 2003 compared to $704.4 million in 2002, an increase of $68.8 million, or 9.8%. Gross profit, including precious metal content, represented 49.2% of net sales in 2003 compared to 49.7% in 2002. The gross profit for 2003, excluding precious metal content, represented 56.6% of net sales compared to 57.2% in 2002. Gross profit as reported would have been higher by $2.8 million in 2003 and lower by $5.4 million in 2002 had the Charge Errors and Reserve Errors been recorded in the proper periods. In addition, geographic mix negatively influenced gross margins in 2003 compared to 2002.

Operating Expenses

Selling, general and administrative ("SG&A") expense increased $43.8 million, or 9.6%, to $501.5 million in 2003 from $457.7 million in 2002. The 9.6% increase in expenses, as reported, reflects increases for the translation impact from a weaker U.S. dollar of approximately $35.3 million. As a percentage of sales, including precious metal content, SG&A expenses decreased to 31.9% compared to 32.3% in 2002. As a percentage of sales, excluding precious metal content, SG&A expenses decreased to 36.7% compared to 37.2% in 2002. SG&A would have been higher by $0.8 million in 2003 and lower by $0.3 million in 2002, had the Charge Errors and Reserve Errors been recorded in the proper periods. The leveraging of general and administrative expenses was the primary reason for the percentage decrease in SG&A expenses from 2002 to 2003.

During 2003, the Company recorded restructuring and other costs of $3.7 million. The largest portion of this was an impairment charge related to certain investments made in emerging technologies that the Company no longer views as recoverable. In addition, in December 2003, the Company announced the consolidation of its U.S. laboratory businesses and recorded a charge for a portion of the costs to complete the consolidation. Based on the restructuring activities undertaken in 2003, the U.S. laboratory businesses are expected to incur additional restructuring costs of approximately $2.5 million in 2004 to complete the plan. The Company made the decision to consolidate these laboratory businesses in order to improve operational efficiencies, to broaden customer penetration and to strengthen customer service. Upon completion, which is expected in late 2004, this plan is projected to result in future annual expense reductions of approximately $1.5 million, primarily within SG&A.

During 2002, the Company recorded restructuring and other income of $2.7 million, including a $3.7 million benefit which resulted from changes in estimates related to prior period restructuring initiatives, offset somewhat by a restructuring charge for the combination of the CeraMed and U.S. Friadent divisions of $1.7 million. In addition, the Company recognized a gain of $0.7 million related to the insurance settlement for fire damages sustained at the Company's Maillefer facility. (see Note 16 to the Consolidated Financial Statements).

Other Income and Expenses

Net interest expense and other expenses were $16.8 million in 2003 compared to $35.4 million in 2002. The year 2003 included $24.2 million of net interest expense, less $7.4 million of income from PracticeWorks, Inc., including a $5.8 million pre-tax gain realized and recognized in the fourth quarter of 2003 on the sale of the Company's interest in PracticeWorks, Inc. The year 2002 included: $27.4 million of net interest; $3.5 million of currency transaction losses; a $1.1 million loss realized on the share exchange with PracticeWorks, Inc.; and a $2.5 million mark-to-market loss related to PracticeWorks warrants.

Earnings

The effective tax rate decreased to 32.4% in 2003 from 32.9% in 2002.

Income from continuing operations increased $26.3 million, or 18.3%, to $169.9 million in 2003 from $143.6 million in 2002. Fully diluted earnings per share from continuing operations were $2.11 in 2003, an increase of 17.2% from $1.80 in 2002. Had the Charge Errors and Reserve Errors described above been recorded in the proper periods, income from continuing operations would have been higher by $1.3 million ($.02 per diluted share) in 2003 and lower by $3.4 million ($.04 per diluted share) in 2002.

Discontinued Operations

The Company entered into an agreement to sell its Gendex equipment business to Danaher Corporation in December, 2003, and completed the transaction in the first quarter of 2004. In addition, the Company announced to its dental needle customers that it was discontinuing production of dental needles. Accordingly, the Gendex equipment and needle businesses have been reported as discontinued operations for all periods presented.

Income from discontinued operations was $4.3 million in both 2003 and 2002. Fully diluted earnings per share from discontinued operations were $.05 in both 2003 and 2002.

Operating Segment Results

The Company has five operating groups, which are managed by five Senior Vice Presidents and equate to our operating segments. Each of these operating groups covers a wide range of product categories and geographic regions. The product categories and geographic regions often overlap across the groups. Further information regarding the details of each group is presented in Note 4 of the Consolidated Financial Statements. The management of each group is evaluated for performance and incentive compensation purposes on the net third party sales, excluding precious metal content and segment operating income.

Dental Consumables--U.S. and Europe/Japan/Non-dental

Net sales for this group were $264.6 million in 2003, a 9.3% increase compared to $242.1 million in 2002. Internal growth was 2.8% and currency translation added 6.5% to sales in 2003. The U.S. consumables business had the highest growth in the group, which was offset by lower sales in the Japanese market and low growth in the non-dental business.

Operating profit increased $11.5 million to $82.4 million from $70.9 million in 2002. Sales growth in the U.S. dental consumable business and gross margin improvement in the European dental consumable business were the most significant contributors to the increase. Operating profit benefited from currency translation. Operating profit would have been lower by $2.7 million in 2003 and higher by $1.6 million in 2002 if the Reserve Errors had been recorded in the proper period.

Endodontics/Professional Division Dental Consumables/Asia

Net sales for this group increased $23.9 million, or 6.7%, up from $357.6 million in 2002. Internal growth was 3.8% and currency translation added 2.9% to 2003 sales. Sales growth was strongest in the endodontic business. This was offset by lower sales in the dental consumables business due to aggressive competitive pressures in the U.S. market.

Operating profit was $154.0 million, an increase of $12.4 million from $141.6 million in 2002. Continued growth in the endodontic business was primarily responsible for the increase. In addition, operating profit benefited from currency translation partially offset by the negative currency impact of intercompany transactions. Operating profit would have been lower by $0.7 million in 2003 and lower by $0.6 million in 2002 if the Reserve Errors had been recorded in the proper period.

Dental Consumables--United Kingdom, France, Italy, CIS, Middle East, Africa/European Dental Laboratory Business

Net sales for this group were $307.0 million in 2003, a 27.3% increase compared to $241.1 million in 2002. Internal growth was 7.0% and currency translation added 19.9% to sales in 2003. The primary reason for the sales growth was strong sales performance in Germany, France, CIS and Africa.

Operating profit increased $19.2 million to $30.6 million from $11.4 million in 2002. The primary reason for the profit improvement was sales increases and margin improvement in the European dental laboratory business including improvements from the consolidation of the historical Dentsply tooth business in Europe into the DeguDent business. In addition, operating profit benefited from currency translation. Operating profit would have been lower by $0.3 million in 2003 if the Charge Errors and Reserve Errors had been recorded in the proper period.

Australia/Canada/Latin America/Pharmaceutical

Net sales for this group increased $4.8 million, or 4.4%, compared to $108.5 million in 2002. Internal growth was 3.6% and currency translation added 0.8% to 2003 sales. Sales were strongest in the U.S. pharmaceutical business and in Latin America. Canada and Australia experienced slower sales growth.

Operating profit was $12.0 million, a $2.8 million decrease from $14.8 million in 2002. Lower operating margins in Latin America hurt profitability. Operating profit would have been higher by $1.0 million in 2003 and lower by $0.7 million in 2002 if the Charge Errors and Reserve Errors had been recorded in the proper period.

U.S. Dental Laboratory Business/Implants/Orthodontics

Net sales for this group were $278.7 million in 2003, a 6.9% increase compared to $260.7 million in 2002. Internal growth was 3.2% and currency translation added 3.7% to sales in 2003. Sales growth was adversely impacted by the soft U.S. dental laboratory market. Sales growth for implants in Europe and the orthodontic business showed continued strong sales growth.

Operating profit decreased $8.8 million to $41.4 million from $50.2 million in 2002. The soft U.S. dental laboratory market and the negative currency impact of intercompany transactions adversely impacted operating profit. Operating profit would have been higher by $4.7 million in 2003 and lower by $5.3 million in 2002 if the Charge Errors and Reserve Errors had been booked in the proper period.

RESULTS OF CONTINUING OPERATIONS, 2002 COMPARED TO 2001

Net Sales

Net sales in 2002 increased $372.3 million, or 35.6%, to $1,417.6 million. Net sales, excluding precious metal content, increased $235.9 million, or 23.7%, to $1,230.5 million. The growth in sales, excluding precious metal content, was driven by internal growth of 6.7%, 15.8% growth from acquisitions and a 1.2% positive impact from currency translation as several major currencies strengthened against the U.S. dollar during the year. The 6.7% of internal growth was comprised of 9.0% in the United States, 6.6% in Europe, and 1.1% for all other regions combined. Internal growth for the dental business was 7.1% excluding precious metal content.

The internal sales growth in 2002, excluding precious metal content, was highest in United States, with strong growth in endodontic and orthodontic products and other chairside consumable products. In Europe internal sales growth was 6.6% with strong sales gains in endodontic and orthodontic products, implants, and other chairside consumable products. The internal sales growth, excluding precious metal content, in all other regions was 1.1%, with strong sales growth in Canada and Japan offset by softening sales in Latin America and the Middle East regions.

Gross Profit

Gross profit was $704.4 million in 2002 compared to $542.8 million in 2001, an increase of $161.6 million, or 29.8%. Gross profit, including precious metal content, represented 49.7% of net sales in 2002 compared to 51.9% in 2001. The decline in 2002 is due to the inclusion of the Degussa Dental business for a full year versus just one quarter in 2001 and the corresponding relatively high precious metal content of Degussa Dental's sales. Gross profit for 2002, excluding precious metal content, represented 57.2% of net sales compared to 54.6% in 2001. The gross profit margin in 2002, excluding the precious metal content pass through, benefited from new product introductions, a favorable product mix, and the integration and restructuring benefits related to acquisitions completed over the past several years. The 2001 period included the negative impact of the amortization of the Friadent and Degussa Dental inventory step-ups recorded in connecton with purchase price accounting. Gross profit as reported would have been lower by $5.4 million in 2002 and higher by $1.8 million in 2001 had the Charge Errors and Reserve Errors been recorded in the proper periods.

Operating Expenses

Selling, general and administrative ("SG&A") expense increased $90.1 million, or 24.5%, to $457.7 million in 2002 from $367.6 million in 2001. As a percentage of sales, including precious metal content, SG&A expenses decreased to 32.3% compared to 35.2% in 2001. This decrease is mainly due to the discontinuation of goodwill and indefinite-lived intangible asset amortization in 2002, which in 2001 amounted to $17.6 million ($13.8 million, net of tax). As a percentage of sales, excluding precious metal content, SG&A expenses increased to 37.2% compared to 37.0% in 2001. This increase was primarily driven by the inclusion of the Degussa Dental business, and its higher SG&A expense ratio (excluding precious metal content), for a full year versus one quarter in 2001, offset by the discontinuation of goodwill and indefinite-lived intangible asset amortization in 2002. This increase was also reflective of higher insurance and legal expenses in 2002. SG&A would have been lower by $0.3 million in 2002 and lower by $0.1 million in 2001, had the Charge Errors and Reserve Errors been recorded in the proper periods.

During 2002, the Company recorded restructuring and other income of $2.7 million, including $3.7 million which resulted from changes in estimates related to prior period restructuring initiatives, offset somewhat by a restructuring charge for the combination of the CeraMed and U.S. Friadent divisions of $1.7 million. In addition, the Company recognized a gain of $0.7 million related to the insurance settlement for fire damages sustained at the Company's Maillefer facility. The 2001 period included a restructuring charge of $5.5 million to improve efficiencies in Europe, Brazil and North America and $11.5 million of restructuring and other costs primarily related to the Degussa Dental acquisition and its integration with DENTSPLY. An additional cost of $2.4 million was recorded for a payment made at the point of regulatory filings related to Oraqix, a product for which the Company acquired rights in the AZ Asset acquisition. These charges were offset by a gain of $8.5 million related to the restructuring of the Company's U.K. pension arrangements and a gain of $5.8 million for an insurance settlement for equipment destroyed in the fire at the Company's Maillefer facility in Switzerland. The above items in 2001, on a net basis, amount to charges of $5.1 million (see Note 16 to the Consolidated Financial Statements).

Other Income and Expenses

Net interest expense increased $9.1 million in 2002 due to higher debt levels associated with the acquisition activities in 2002 and 2001. Other income decreased $35.5 million in 2002, due primarily to income recognized in 2001 of $24.5 million ($15.1 million, net of tax) which included a $23.1 million gain from the sale of Infosoft, LLC and a $1.4 million minority interest benefit related to an intangible impairment charge included in restructuring and other costs. Other income and expense in 2002 also included a $4.7 million unfavorable change in currency transaction gain/loss resulting from the significant weakening of the U.S. dollar in 2002, a $1.1 million loss realized on the share exchange with PracticeWorks, Inc. and a net loss of $2.5 million on mark-to-market adjustment for the warrants received in the transaction. Also contributing to the decrease in other income in 2002 was a decrease of $0.8 million in accrued dividends related to the PracticeWorks, Inc. preferred stock prior to the time of the PracticeWorks share exchange.

Earnings

The effective tax rate decreased to 32.9% in 2002 from 34.4% in 2001. This decrease was largely related to the discontinuance of goodwill amortization in 2002, which in the past negatively impacted the effective tax rate since much of this amortization was non-deductible for tax purposes.

Net income from continuing operations increased $25.9 million, or 22.0%, to $143.6 million in 2002 from $117.7 million in 2001. Fully diluted earnings per share from continuing operations were $1.80 in 2002, an increase of 20.8% from $1.49 in 2001. Had the Charge Errors and Reserve Errors described above been recorded in the proper periods, net income from continuing operations would have been lower by $3.4 million ($.04 per diluted share) in 2002 and higher by $1.2 million ($.02 per diluted share) in 2001.

Discontinued Operations

Net income from discontinued operations was $4.3 million in 2002 compared to $3.8 million in 2001. Fully diluted earnings per share from discontinued operations were $.05 in both 2002 and 2001.

Operating Segment Results

Dental Consumables--U.S. and Europe/Japan/Non-dental

Net sales for the group were $242.1 million in 2002, a 27.0% increase compared to $190.7 million in 2001. Internal growth was 6.3%, currency translation added 6.3% and acquisitions added 14.4% to sales in 2002. Sales of dental consumables in the U.S. and Europe and sales in Japan had strong growth. This was partially offset by soft sales of non-dental products.

Operating profit increased $11.1 million to $70.9 million from $59.8 million in 2001. The two primary reasons for this increase are the higher margins associated with the dental consumables sales increase and a full year of sales in 2002 for the Sankin business in Japan which was acquired as part of the Degussa Dental acquisition on October 1, 2001. Operating profit would have been higher by $1.6 million in 2002 and higher by $0.5 million in 2001 if the Reserve Errors had been recorded in the proper period.

Endodontics/Professional Division Dental Consumables/Asia

Net sales for this group increased $41.3 million, or 13.1%, up from $316.3 million in 2001. Internal growth was 11.1%, currency translation added 1.5% and acquisitions added 0.5% to 2002 sales. The endodontics business experienced substantial growth during 2002, especially in the U.S. and Europe.

Operating profit was $141.6 million, an increase of $31.5 million from $110.1 million in 2002. The increase was a result of the strong growth in high margin endodontic products. In addition, operating profit benefited from currency translation. Operating profit would have been lower by $0.6 million in 2002 and higher by $1.3 million in 2001 if the Reserve Errors had been recorded in the proper period.

Dental Consumables--United Kingdom, France, Italy, CIS, Middle East, Africa/European Dental Laboratory Business

Net sales for this group were $241.1 million in 2002, a 72.8% increase compared to $139.5 million in 2001. Internal growth was 0.6%, currency translation added 1.9% and acquisitions added 70.3% to 2002 sales. The Company acquired the Degussa Dental business in October, 2001, which competes primarily in the European dental laboratory market. This market was soft during 2002.

Operating profit increased to $11.4 million in 2002 from breakeven in 2001. The increase was primarily due to improved margins and a full year of operations in 2002 for the Degussa Dental business compared to three months in 2001. In addition, operating profit benefited from currency translation. Operating profit would have been higher by $0.3 in 2001 if the Charge Errors and Reserve Errors had been recorded in the proper period.

Australia/Canada/Latin America/Pharmaceutical

Net sales for this group decreased $13.5 million, or 11.1%, compared to $122.0 million in 2001. Internal growth was 4.7%, acquisitions added 6.8%, while currency translation had a negative impact of 22.6% on sales mainly due to the devaluation in the currencies of Latin America. Internal growth came mainly from the Canadian, Australian and U.S. pharmaceutical businesses offset partially by the softening Latin American economies.

Operating profit was $14.8 million, a $5.4 million decrease from $20.2 million in 2001. The main reason for the decrease was the redistribution in 2002 of the non-U.S. pharmaceutical business across the other operating groups. In 2001, the worldwide pharmaceutical business was accounted for in this group. In addition, operating profit was negatively impacted from currency translation as a result of the devalued Latin American currencies. Operating profit would have been lower by $0.7 million in 2002 and lower by $0.5 million in 2001 had the Charge Errors and Reserve Errors been recorded in the proper period.

U.S. Dental Laboratory Business/Implants/Orthodontics

Net sales for this group were $260.7 million in 2002, a 24.6% increase compared to $209.2 million in 2001. Internal growth was 7.4%, currency translation added 6.1% and acquisitions added 11.1% to 2002 sales. The internal growth came mainly from significant growth in both the implant and orthodontic businesses. Acquisition growth came from the acquisition of Degussa Dental in October, 2001.

Operating profit increased $8.2 million to $50.2 million from $42.0 million in 2001. The increase primarily came from the significant increase in sales of the implant and orthodontic businesses. In addition, operating profit benefited from currency translation. Operating profit would have been lower by $5.3 million in 2002 and higher by $0.2 million in 2001 had the Charge Errors and Reserve Errors been reported in the proper period.

FOREIGN CURRENCY

Since approximately 55% of the Company's 2003 revenues were generated in currencies other than the U.S. dollar, the value of the U.S. dollar in relation to those currencies affects the results of operations of the Company. The impact of currency fluctuations in any given period can be favorable or unfavorable. The impact of foreign currency fluctuations of European currencies on operating income is partially offset by sales in the U.S. of products sourced from plants and third party suppliers located overseas, principally in Germany, Switzerland, and the Netherlands. On a net basis, net income benefited from changes in currency translation in both 2003 and 2002 compared to the prior year.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Goodwill and Other Long-Lived Assets

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets". This statement requires that the amortization of goodwill and indefinite-lived intangible assets be discontinued and instead an annual impairment approach be applied. The Company performed the annual impairment tests during 2002 and 2003, as required, and no impairment was identified. These impairment tests are based upon a fair value approach rather than an evaluation of the undiscounted cash flows. If impairment is identified under SFAS 142, the resulting charge is determined by recalculating goodwill through a hypothetical purchase price allocation of the fair value and reducing the current carrying value to the extent it exceeds the recalculated goodwill. If impairment is identified on indefinite-lived intangibles, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

Other long-lived assets, such as identifiable intangible assets and fixed assets, are amortized or depreciated over their estimated useful lives. These assets are reviewed for impairment whenever events or circumstances provide evidence that suggest that the carrying amount of the asset may not be recoverable with impairment being based upon an evaluation of the identifiable undiscounted cash flows. If impaired, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

If market conditions become less favorable, future cash flows, the key variable in assessing the impairment of these assets, may decrease and as a result the Company may be required to recognize impairment charges. The Company's impairment tests relating to the perpetual license rights to the trademarks and formulations for dental anaesthetic products acquired from Astra Zeneca in 2001 are highly sensitive to cash flow assumptions resulting from the sale of these products and the Company's success in completing and starting up a greenfield sterile filling plant to produce these products in the United States.

Inventories

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

Accounts Receivable

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

Accruals for Product Returns, Customer Rebates and Product Warranties

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

Income Taxes

Income taxes are determined in accordance with Statement of Financial Accounting Standards No. 109 ("SFAS 109"), which requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income tax liabilities and assets are determined based on the difference between financial statements and tax bases of liabilities and assets using enacted tax rates in effect for the year in which the differences are expected to reverse. SFAS 109 also provides for the recognition of deferred tax assets if it is more likely than not that the assets will be realized in future years. A valuation allowance has been established for deferred tax assets for which realization is not likely. In assessing the valuation allowance, the Company has considered future taxable income and ongoing tax planning strategies. Changes in these circumstances, such as a decline in future taxable income, may result in an additional valuation allowance being required. As of December 31, 2003, the Company had recorded a valuation allowance of $9.6 million on net operating carryforwards of its foreign subsidiaries, essentially fully reserving these losses. If profitability improves in those foreign subsidiaries in the future, some, or all, of the valuation allowance may be reversed to income. Except for certain earnings that the Company intends to reinvest indefinitely, provision has been made for the estimated U.S. federal income tax liabilities applicable to undistributed earnings of affiliates and associated companies. Judgement is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. If the outcome of these future tax consequences differs from our estimates the outcome could materially impact our financial position or our results of operations. In addition, we operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions. We record accruals for the estimated outcomes of these audits and the accruals may change in the future due to the outcome of these audits.

Litigation

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

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities during the year ended December 31, 2003 were $258.0 million compared to $173.0 million during the year ended December 31, 2002. The increase of $85.0 million results primarily from increased earnings and deferred taxes and more favorable working capital changes versus the prior year specifically with respect to accounts receivable, inventories and accounts payable.

Investing activities, for the year ended December 31, 2003, include capital expenditures of $76.6 million. The Company expects that capital expenditures will be approximately $65 million in 2004. Net acquisition activity for the year ended December 31, 2003 was $17.4 million which relates to the purchase of one of the Company's suppliers, additional investments in partially owned subsidiaries, a payment related to the Oraqix agreement and the final payment related the Degussa Dental acquisition. In December 2003, final payments of $16.0 million became due to AstraZeneca upon the approval of Oraqix by the Food and Drug Administration in the United States, and accordingly, the Company accrued the payments in December 2003 and made the payments in January 2004 (see Note 3 to the Consolidated Financial Statements). In addition, during the fourth quarter, the Company received $23.5 million in proceeds from its common stock and warrant holdings in PracticeWorks as a result of the Eastman Kodak acquisition. In February 2004, the Company completed the sale of its Gendex equipment business and received cash proceeds of $102.5 million.

The Company's long-term debt increased by $20.4 million during the year ended December 31, 2003 to $790.2 million. This net change included an increase of $109.8 million due to exchange rate fluctuations on debt denominated in foreign currencies and changes in the value of interest rate swaps, net of $70.1 million of debt payments made during the year. During the year ended December 31, 2003, the Company's ratio of long-term debt to total capitalization decreased to 41.3% compared to 47.9% at December 31, 2002.

Under its multi-currency revolving credit agreement, the Company is able to borrow up to $250 million through May 2006 ("the five-year facility") and $250 million through May 2004 ("the 364 day facility"). The 364-day facility terminates in May 2004, but may be extended, subject to certain conditions, for additional periods of 364 days. This revolving credit agreement is unsecured and contains various financial and other covenants. The Company also has available an aggregate $250 million under two commercial paper facilities; a $250 million U.S. facility and a $250 million U.S. dollar equivalent European facility ("Euro CP facility"). Under the Euro CP facility, borrowings can be denominated in Swiss francs, Japanese yen, Euros, British pounds and U.S. dollars. The 364-day facility serves as a back-up to these commercial paper facilities. The total available credit under the commercial paper facilities and the 364-day facility in the aggregate is $250 million and no debt was outstanding under these facilities at December 31, 2003.

The Company also has access to $88.0 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.

The Company had unused lines of credit of $472.0 million available at December 31, 2003 contingent upon the Company's compliance with certain affirmative and negative covenants relating to its operations and financial condition. The most restrictive of these covenants pertain to asset dispositions, maintenance of certain levels of net worth, and prescribed ratios of indebtedness to total capital and operating income plus depreciation and amortization to interest expense. At December 31, 2003, the Company was in compliance with these covenants.

The following table presents the Company's scheduled contractual cash obligations at December 31, 2003:

Contractual Obligations	Less Than 1 Year	1-3 Years	3-5 Years	Greater Than 5 Years	Total
			(in thousands)		
Long-term debt	$ 22,780	$743,831	$ 44,727	$ --	$811,338
Operating leases	18,115	19,633	7,385	6,830	$ 51,963
Precious metal consignment agreements	61,300	--	--	--	$ 61,300
	$102,195	$763,464	$ 52,112	$ 6,830	$924,601

Upon acquiring Degussa Dental in October 2001, Dentsply management changed Degussa Dental's practice of holding a long position in precious metals used in the production of precious metal alloy products, to holding the precious metal on a consignment basis from various financial institutions. In connection with this change in practice, the Company sold certain precious metals to various financial institutions in the fourth quarter of 2001 for a value of $41.8 million and in the first quarter of 2002 for a value of $6.8 million. These transactions effectively transferred the price risk on the precious metals to the financial institutions and allow the Company to acquire the precious metal at 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 financing to fund an ownership position in the required precious metal inventory levels. At December 31, 2003, the value of the consigned precious metals held by the Company was $61.3 million.

The Company's cash increased $138.1 million during the year ended December 31, 2003 to $163.8 million. The Company accumulated cash in 2003 rather than reduce debt due to pre-payment penalties that would be incurred in retiring debt and the related interest rate swap agreements. The Company anticipates that cash will continue to build throughout 2004.

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

NEW ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an interpretation of ARB 51". The primary objectives of this interpretation are to provide guidance on the identification of entities for which control is achieved through means other than through voting rights ("variable interest entities") and how to determine when and which business enterprise should consolidate the variable interest entity (the "primary beneficiary"). This new model for consolidation applies to an entity which either (1) the equity investors (if any) do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46 requires that both the primary beneficiary and all other enterprises with a significant variable interest in a variable interest entity make additional disclosures. Certain disclosure requirements of FIN 46 are effective for financial statements issued after January 31, 2003. The remaining provisions of FIN 46 are effective immediately for all variable interests in entities created after January 31, 2003. Adoption of this provision did not have an effect on the Company. In December 2003, the FASB released a revised version of FIN 46, FIN 46R, to clarify certain aspects of FIN 46 and to provide certain entities with exemptions from the requirements of FIN 46. FIN 46R requires the application of either FIN 46 or FIN 46R to all Special Purpose Entitied ("SPE's") created prior to February 1, 2003 at the end of the first interim or annual reporting period ending after December 15, 2003. Adoption of this provision did not have an effect on the Company. FIN 46R will be applicable to all non-SPE entities created prior to February 1, 2003 at the end of the first interim or annual reporting period ending after March 15, 2004. The Company does not expect the application of this portion of FIN 46R to have a material impact on the Company's financial statements.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". The statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". Specifically, the statement clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS 149 is effective for contracts entered into or modified after June 30, 2003. The Application of this standard has not had a material impact on the Company's financial statements.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150 ("SFAS 150"), " Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Adoption of the provisions of SFAS No. 150 in the third quarter of 2003 related to mandatorily redeemable financial instruments had no effect on the Company's financial statements. In November 2003, the FASB issued FSP No. 150-3, "Effective Date, Disclosures and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests under FASB Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". For public companies, FSP 150-3 deferred the provisions of SFAS 150 related to classification and measurement of certain mandatorily redeemable noncontrolling interests issued prior to November 5, 2003. For mandatorily redeemable noncontrolling interests issued after November 5, 2003, SFAS 150 applies without any deferral. The Company continues to analyze the provisions of SFAS 150 related to mandatorily redeemable noncontrolling interests, but does not believe that application of these provisions will have a material impact on the Company's financial statements.

In January 2004, the FASB released FASB Staff Position ("FSP") No. 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" requires a company to consider current changes in applicable laws when measuring its postretirement benefit costs and accumulated postretirement benefit obligation. However, because of uncertainties of the effect of the provisions of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") on plan sponsors and certain accounting issues raised by the Act, FSP 106-1 allows plan sponsors to elect a one-time deferral of the accounting for the Act. The Company is electing the deferral provided by FSP 106-1 to analyze the impact of the Act on prescription drug coverage provided to a limited number of retirees from one of its business units. The Company does not expect the Act to have a material impact on the Company's postretiremenent benefits liabilities or the Company's financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The information below provides information about the Company's market sensitive financial instruments and includes "forward-looking statements" that involve risks and uncertainties. Actual results could differ materially from those expressed in the forward-looking statements. The Company's major market risk exposures are changing interest rates, movements in foreign currency exchange rates and potential price volatility of commodities used by the Company in its manufacturing processes. The Company's policy is to manage interest rates through the use of floating rate debt and interest rate swaps to adjust interest rate exposures when appropriate, based upon market conditions. A portion of the Company's borrowings are denominated in foreign currencies which expose the Company to market risk associated with exchange rate movements. The Company's policy generally is to hedge major foreign currency 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 price swaps to convert variable raw material costs to fixed costs. The Company does not hold or issue derivative financial instruments for speculative or trading purposes. The Company is subject to other foreign exchange market risk exposure in addition to the risks on its financial instruments, such as possible impacts on its pricing and production costs, which are difficult to reasonably predict, and have therefore not been included in the table below. All items described are non-trading and are stated in U.S. dollars.

Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. The Company believes the carrying amounts of cash and cash equivalents, accounts receivable (net of allowance for doubtful accounts), prepaid expenses and other current assets, accounts payable, accrued liabilities, income taxes payable and notes payable approximate fair value due to the short-term nature of these instruments. The Company estimates the fair value of its total long-term debt was $815.8 million versus its carrying value of $811.3 million as of December 31, 2003. The fair value approximated the carrying value since much of the Company's debt is variable rate and reflects current market rates. The fixed rate Eurobonds are effectively converted to variable rate as a result of an interest rate swap and the interest rates on revolving debt and commercial paper are variable and therefore the fair value of these instruments approximates their carrying values. The Company has fixed rate Swiss franc and Japanese yen denominated notes with estimated fair values that differ from their carrying values. At December 31, 2003, the fair value of these instruments was $241.8 million versus their carrying values of $237.4 million. The fair values differ from the carrying values due to lower market interest rates at December 31, 2003 versus the rates at issuance of the notes.

Derivative Financial Instruments

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

Foreign Exchange Risk Management The Company enters into forward foreign exchange contracts to selectively hedge assets and liabilities denominated in foreign currencies. Market value gains and losses are recognized in income currently and the resulting gains or losses offset foreign exchange gains or losses recognized on the foreign currency assets and liabilities hedged. Determination of hedge activity is based upon market conditions, the magnitude of the foreign currency assets and liabilities and perceived risks. The Company's significant contracts outstanding as of December 31, 2003 are summarized in the table that follows. These foreign exchange contracts generally have maturities of less than twelve months and counterparties to the transactions are typically large international financial institutions.

The Company has numerous investments in foreign subsidiaries. The net assets of these subsidiaries are exposed to volatility in currency exchange rates. Currently, the Company uses both non-derivative financial instruments, including foreign currency denominated debt held at the parent company level and long-term intercompany loans, for which settlement is not planned or anticipated in the foreseeable future 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.

At December 31, 2003 and 2002, the Company had Swiss franc-denominated and Japanese yen-denominated debt (at the parent company level) to hedge the currency exposure related to a designated portion of the net assets of its Swiss and Japanese subsidiaries. At December 31, 2003, the Company also had Euro-denominated debt designated as a hedge of a designated portion of the net assets of its European subsidiaries, due to the change in the cross-currency element of the integrated transaction discussed below. At December 31, 2003 and 2002, the accumulated translation losses related to foreign currency denominated-debt included in Accumulated Other Comprehensive income (loss) were $83.5 million and $26.4 million, respectively.

Interest Rate Risk Management The Company uses interest rate swaps to convert a portion of its variable rate debt to fixed rate debt. As of December 31, 2003, the Company has two groups of significant variable rate to fixed rate interest rate swaps. One of the groups of swaps was entered into in January 2000 and February 2001, has a notional amount totaling 180 million Swiss francs, and effectively converts the underlying variable interest rates on the debt to a fixed rate of 3.3% for a period of approximately four years. The other significant group of swaps entered into in February 2002, has notional amounts totaling 12.6 billion Japanese yen, and effectively converts the underlying variable interest rates to an average fixed rate of 1.6% for a term of ten years. As part of entering into the Japanese yen swaps in February 2002, the Company entered into reverse swap agreements with the same terms to offset 115 million of the 180 million of Swiss franc swaps. Additionally, in the third quarter of 2003, the Company exchanged the remaining portion of the Swiss franc swaps, 65 million Swiss francs, for a forward-starting variable to fixed interest rate swap. Completion of this exchange allowed the Company to pay down debt and the forward-starting interest rate swap locks in the rate of borrowing for future Swiss franc variable rate debt, that will arise upon the maturity of the Company's fixed rate Swiss franc notes in 2005, at 4.2% for a term of seven years.

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

The Euro 350 million interest rate swap agreement was designated as a fair value hedge of the Euro 350 million in fixed rate debt pursuant to SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133). In accordance with SFAS No. 133, the interest rate swap and underlying Eurobond have been marked-to-market via the income statement. As of December 31, 2003 and 2002, the accumulated fair value of the interest rate swap was $14.1 million and $10.9 million, respectively, and was recorded in Other Noncurrent Assets. The notional amount of the underlying Eurobond was increased by a corresponding amount at December 31, 2003 and 2002.

From inception through the first quarter of 2003, the cross-currency element of the integrated transaction was not designated as a hedge and changes in the fair value of the cross-currency element of the integrated transaction were marked-to-market in the income statement, offsetting the impact of the change in exchange rates on the Eurobonds that were also recorded in the income statement. As of December 31, 2003 and 2002, the accumulated fair value of the cross-currency element of the integrated transaction was $56.6 million and $52.3 million, respectively, and was recorded in Other Noncurrent Assets. The notional amount of the underlying Eurobond was increased by a corresponding amount at December 31, 2003 and 2002.See Hedges of Net Investments in Foreign Operations below

for further information related to the cross-currency element
of the integrated transaction.

In the first quarter of 2003, the Company amended the cross-currency element of the integrated transaction to realize the $ 51.8 million of accumulated value of the cross-currency swap. The amendment eliminated the final payment (at a fixed rate of $.90) of $315 million by the Company in exchange for the final payment of Euro 350 million by the counterparty in return for the counterparty paying the Company LIBOR plus 4.29% for the remaining term of the agreement or approximately $14.0 million on an annual basis. Other cash flows associated with the cross-currency element of the integrated transaction, including the Company's obligation to pay on $315 million LIBOR plus approximately 1.34% and the counterparty's obligation to pay on Euro 350 million LIBOR plus approximately 1.47%, remained unchanged by the amendment. Additionally, the cross-currency element of the integrated transaction continue to be marked-to-market.

No gain or loss was recognized upon the amendment of the cross currency element of the integrated transaction, as the interest rate of LIBOR plus 4.29% was established to ensure that the fair value of the cash flow streams before and after amendment were equivalent.

Since, as a result of the amendment, the Company became economically exposed to the impact of exchange rates on the final principal payment on the Euro 350 million Eurobonds, the Company designated the Euro 350 million Eurobonds as a hedge of net investment, on the date of the amendment. Since March 2003, the effect of currency on the Euro 350 million Eurobonds of $ 35.2 million has been recorded as part of Accumulated Other Comprehensive income (loss).

The fair value of these swap agreements is the estimated amount the Company would receive (pay) at the reporting date, taking into account the effective interest rates and foreign exchange rates. As of December 31, 2003 and 2002, the estimated net fair values of the swap agreements was $63.1 million and $52.4 million, respectively.

Commodity Price Risk Management The Company selectively enters into commodity price swaps to effectively fix certain variable raw material costs. These swaps are used purely to stabilize the cost of components used in the production of certain of the Company's products. The Company generally accounts for the commodity swaps as cash flow hedges under SFAS 133. As a result, the Company records the fair value of the swap primarily through other comprehensive income based on the tested effectiveness of the commodity swap. Realized gains or losses in other comprehensive income are released and recorded to costs of products sold as the products associated with the commodity swaps are sold. At December 31, 2003, the Company had no commodity swaps in place.

Consignment Arrangements

The Company consigns the precious metals used in the production of precious metal alloy products from various financial institutions. Under these consignment arrangements, the banks own the precious metal, and, accordingly, the Company does not report this consigned inventory as part of its inventory on its consolidated balance sheet. The consignment agreements allow the Company to take ownership of the metal at approximately the same time customer orders are received and to closely match the price of the metal acquired to the price charged to the customer (i.e., the price charged to the customer is largely a pass through).

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

At December 31, 2003, the Company had 149,097 troy ounces of precious metal, primarily gold, platinum and palladium) on consignment for periods of less than one year with a market value of $61.3 million. Under the terms of the consignment agreements, the Company also makes compensatory payments to the consignor banks based on a percentage of the value of the consigned precious metals inventory. At December 31, 2003, the average annual rate charged by the consignor banks was 2.5%. These compensatory payments are considered to be a cost of the

metals purchased and are recorded as cost of products sold.

EXPECTED MATURITY DATES — DECEMBER 31, 2003
(represents notional amounts for derivative financial instruments)

	2004	2005	2006	2007	2008	2009 and beyond	Carrying Value	Fair Value
	(dollars in thousands)							
Financial Instruments								
Notes Payable:								
Denmark krone denominated	$ 59	$ -	$ -	$ -	$ -	$ -	$ 59	$ 59
Average interest rate	6.50%						6.50%	
Euro denominated	623	-	-	-	-	-	623	623
Average interest rate	5.46%						5.46%	
Japanese yen denominated	155	-	-	-	-	-	155	155
Average interest rate	1.38%						1.38%	
	837	-	-	-	-	-	837	837
	4.78%						4.78%	
Current Portion of Long-term Debt:								
U.S. dollar denominated	408	-	-	-	-	-	408	408
Average interest rate	4.01%						4.01%	
Japanese yen denominated	20,728	-	-	-	-	-	20,728	20,847
Average interest rate	1.44%						1.44%	
	21,136	-	-	-	-	-	21,136	21,255
	1.49%						1.49%	
Long Term Debt:								
U.S. dollar denominated	-	329	310	27	-	-	666	666
Average interest rate		3.59%	3.42%	3.40%			3.50%	
Swiss franc denominated	-	44,701	109,321	44,700	-	-	198,722	202,939
Average interest rate		4.49%	4.77%	4.49%			4.64%	
Japanese yen denominated	1,505	19,708	116,659	-	-	-	137,872	137,991
Average interest rate	0.03%	1.40%	0.56%				0.67%	
Euro denominated	-	-	452,712	-	-	-	452,712	452,712
Average interest rate			5.75%				5.75%	
Thai baht denominated	139	-	-	-	-	-	139	139
Average interest rate	2.75%						2.75%	
Chile peso denominated	-	-	91	-	-	-	91	91
Average interest rate			6.80%				6.80%	
	1,644	64,738	679,093	44,727	-	-	790,202	794,538
	0.26%	3.54%	4.70%	4.49%			4.58%	
Derivative Financial Instruments								
Foreign Exchange Forward Contracts:								
Forward sale, 9.9 million Australian dollars	7,444	-	-	-	-	-	63	63
Forward sale, 0.8 million Swedish krone	117	-	-	-	-	-	1	1
Forward sale, 3.0 billion Japanese yen	28,851	-	-	-	-	-	248	248
Forward sale, 6.1 million British pounds	10,869	-	-	-	-	-	12	12
Forward sale, 0.3 million US Dollar	300	-	-	-	-	-	19	19
Forward purchase, 13.5 million Canadian dollars	10,526	-	-	-	-	-	(70)	(70)
Interest Rate Swaps:								
Interest rate swaps - U.S. dollar, terminated 2/2001	(33)	(21)	-	-	-	-	(54)	(54)
Interest rate swaps - Japanese yen	-	-	-	-	-	116,767	(3,717)	(3,717)
Average interest rate						1.6%		
Interest rate swaps - Swiss francs	-	-	-	-	-	52,242	(3,868)	(3,868)
Average interest rate						4.2%		
Interest rate swaps - Euro	-	-	329,092	-	-	-	14,092	14,092
Average interest rate			3.6%					
Basis swap - Euro-U.S. Dollar	-	-	315,000	-	-	-	56,620	56,620
Average interest rate			2.5%					

Management's Financial Responsibility

The management of DENTSPLY International Inc. is responsible for the preparation and integrity of the consolidated financial statements and all other information contained in this Annual Report. The financial statements were prepared in accordance with generally accepted accounting principles and include amounts that are based on management's informed estimates and judgments.

In fulfilling its responsibility for the integrity of financial information, management has established a system of internal accounting controls supported by written policies and procedures. This provides reasonable assurance that assets are properly safeguarded and accounted for and that transactions are executed in accordance with management's authorization and recorded and reported properly.

The financial statements have been audited by our independent auditors, PricewaterhouseCoopers LLP, whose unqualified report is presented below. The independent accountants perform audits of the financial statements in accordance with generally accepted auditing standards, which includes consideration of the system of internal accounting controls to determine the nature, timing and extent of audit procedures to be performed.

The Audit and Information Technology Committee (the "Committee") of the Board of Directors, consisting solely of outside Directors, meets with the independent accountants with and without management to review and discuss the major audit findings, internal control matters and quality of financial reporting. The independent accountants also have access to the Committee to discuss auditing and financial reporting matters with or without management present.

/s/ Gerald K. Kunkle, Jr.	/s/ Thomas L. Whiting	/s/Bret W. Wise
Gerald K. Kunkle, Jr.	Thomas L. Whiting	Bret W. Wise
Vice Chairman and Chief Executive Officer	President and Chief Operating Officer	Senior Vice President and Chief Financial Officer

Report of Independent Auditors

To the Board of Directors and Shareholders
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, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 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. These financial statements and the financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Notes 1 and 9 to the consolidated financial statements, on January 1, 2002 the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets".

PricewaterhouseCoopers LLP

Philadelphia, PA
March 15, 2004

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2003	2002	2001
	(in thousands, except per share amounts)		
Net sales (Note 4)	$ 1,570,925	$ 1,417,600	$ 1,045,275
Cost of products sold	797,724	713,189	502,437
Gross profit	773,201	704,411	542,838
Selling, general and administrative expenses	501,518	457,691	367,556
Restructuring and other costs (income) (Note 16)	3,700	(2,732)	5,073
Operating income	267,983	249,452	170,209
Other income and expenses:			
Interest expense	26,079	29,242	19,358
Interest income	(1,874)	(1,853)	(1,102)
Other (income) expense, net (Note 5)	(7,418)	7,973	(27,569)
Income before income taxes	251,196	214,090	179,522
Provision for income taxes (Note 14)	81,343	70,449	61,808
Income from continuing operations	169,853	143,641	117,714
Income from discontinued operations, net of tax (Note 6)	4,330	4,311	3,782
Net income	$ 174,183	$ 147,952	$ 121,496
Earnings per common share - basic (Note 2)			
Continuing operations	$ 2.16	$ 1.84	$ 1.51
Discontinued operations	0.05	0.05	0.05
Total earnings per common share - basic	$ 2.21	$ 1.89	$ 1.56
Earnings per common share - diluted (Note 2)			
Continuing operations	$ 2.11	$ 1.80	$ 1.49
Discontinued operations	0.05	0.05	0.05
Total earnings per common share - diluted	$ 2.16	$ 1.85	$ 1.54
Cash dividends declared per common share	$ 0.19700	$ 0.18400	$ 0.18333
Weighted average common shares outstanding (Note 2):			
Basic	78,823	78,180	77,671
Diluted	80,647	79,994	78,975

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

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2003	December 31, 2002
	(in thousands)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 163,755	$ 25,652
Accounts and notes receivable-trade, net (Note 1)	241,385	221,262
Inventories, net (Notes 1 and 7)	205,587	214,492
Prepaid expenses and other current assets	88,463	79,595
Assets held for sale (Note 6)	28,262	--
Total Current Assets	727,452	541,001
Property, plant and equipment, net (Notes 1 and 8)	376,211	313,178
Identifiable intangible assets, net (Notes 1 and 9)	246,475	236,009
Goodwill, net (Notes 1 and 9)	963,264	898,497
Other noncurrent assets	114,736	98,348
Noncurrent assets held for sale (Note 6)	17,449	--
Total Assets	$ 2,445,587	$ 2,087,033
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 86,338	$ 66,625
Accrued liabilities (Note 10)	172,684	190,783
Income taxes payable	36,483	35,907
Notes payable and current portion of long-term debt (Note 11)	21,973	4,550
Liabilities of discontinued operations (Note 6)	20,206	--
Total Current Liabilities	337,684	297,865
Long-term debt (Note 11)	790,202	769,823
Deferred income taxes	51,241	27,039
Other noncurrent liabilities (Note 12)	142,704	155,119
Noncurrent liabilities of discontinued operations (Note 6)	1,269	--
Total Liabilities	1,323,100	1,249,846
Minority interests in consolidated subsidiaries	418	1,259
Commitments and contingencies (Note 18)		
Stockholders' Equity:		
Preferred stock, $.01 par value; .25 million shares authorized; no shares issued	--	--
Common stock, $.01 par value; 200 million shares authorized; 81.4 million shares issued at December 31, 2003 and December 31, 2002	814	814
Capital in excess of par value	166,952	156,898
Retained earnings	889,601	730,971
Accumulated other comprehensive income	104,920	1,624
Unearned ESOP compensation	(380)	(1,899)
Treasury stock, at cost, 2.1 million shares at December 31, 2003 and 3.0 million shares at December 31, 2002	(39,838)	(52,480)
Total Stockholders' Equity	1,122,069	835,928
Total Liabilities and Stockholders' Equity	$ 2,445,587	$ 2,087,033

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

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

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Compensation	Treasury Stock	Total Stock-holders' Equity
				(in thousands)			
Balance at December 31, 2000	$ 543	$ 151,899	$ 490,167	$ (49,296)	$ (4,938)	$ (68,005)	$ 520,370
Comprehensive Income:							
Net income	-	-	121,496	-	-	-	121,496
Other comprehensive loss, net of tax:							
Foreign currency translation adjustment	-	-	-	(26,566)	-	-	(26,566)
Cumulative effect of change in accounting principle for derivative and hedging activities (SFAS 133)	-	-	-	(503)	-	-	(503)
Net loss on derivative financial instruments	-	-	-	(810)	-	-	(810)
Minimum pension liability adjustment	-	-	-	(213)	-	-	(213)
Comprehensive Income							93,404
Exercise of stock options	-	(45)	-	-	-	8,062	8,017
Tax benefit from stock options exercised	-	1,333	-	-	-	-	1,333
Repurchase of common stock, at cost	-	-	-	-	-	(875)	(875)
Cash dividends ($0.18333 per share)	-	-	(14,249)	-	-	-	(14,249)
Decrease in unearned ESOP compensation	-	-	-	-	1,519	-	1,519
Three-for-two common stock split	271	(271)	-	-	-	-	-
Balance at December 31, 2001	814	152,916	597,414	(77,388)	(3,419)	(60,818)	609,519
Comprehensive Income:							
Net income	-	-	147,952	-	-	-	147,952
Other comprehensive income (loss), net of tax:							
Foreign currency translation adjustment	-	-	-	88,739	-	-	88,739
Unrealized loss on available-for-sale securities	-	-	-	(4,854)	-	-	(4,854)
Net loss on derivative financial instruments	-	-	-	(4,670)	-	-	(4,670)
Minimum pension liability adjustment	-	-	-	(203)	-	-	(203)
Comprehensive Income							226,964
Exercise of stock options	-	715	-	-	-	8,338	9,053
Tax benefit from stock options exercised	-	3,320	-	-	-	-	3,320
Cash dividends ($0.184 per share)	-	-	(14,395)	-	-	-	(14,395)
Decrease in unearned ESOP compensation	-	-	-	-	1,520	-	1,520
Fractional share payouts	-	(53)	-	-	-	-	(53)
Balance at December 31, 2002	814	156,898	730,971	1,624	(1,899)	(52,480)	835,928
Comprehensive Income:							
Net income	-	-	174,183	-	-	-	174,183
Other comprehensive income (loss), net of tax:							
Foreign currency translation adjustment	-	-	-	95,984	-	-	95,984
Unrealized gain on available-for-sale securities	-	-	-	5,005	-	-	5,005
Net gain on derivative financial instruments	-	-	-	2,430	-	-	2,430
Minimum pension liability adjustment	-	-	-	(123)	-	-	(123)
Comprehensive Income							277,479
Exercise of stock options	-	4,229	-	-	-	12,642	16,871
Tax benefit from stock options exercised	-	5,825	-	-	-	-	5,825
Cash dividends ($0.197 per share)	-	-	(15,553)	-	-	-	(15,553)
Decrease in unearned ESOP compensation	-	-	-	-	1,519	-	1,519
Balance at December 31, 2003	$ 814	$ 166,952	$ 889,601	$ 104,920	$ (380)	$ (39,838)	$1,122,069

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

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2003	2002	2001
	(in thousands)		
Cash flows from operating activities:			
Net income from continuing operations	$ 169,853	$ 143,641	$ 117,714
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	36,897	32,338	23,702
Amortization	8,764	9,014	27,810
Deferred income taxes	32,411	(8,435)	7,021
Restructuring and other (income) costs	3,700	(2,732)	5,073
Other non-cash costs (income)	(1,173)	9,281	(3,849)
Gain on sale of business	--	--	(23,121)
Loss on disposal of property, plant and equipment	459	1,703	54
Gain on sale of PracticeWorks securities	(5,806)	--	--
Non-cash ESOP compensation	1,519	1,520	1,519
Changes in operating assets and liabilities, net of acquisitions and divestitures:			
Accounts and notes receivable-trade, net	(4,899)	(13,030)	(3,783)
Inventories, net	15,197	(5,686)	16,241
Prepaid expenses and other current assets	4,894	(1,601)	--
Accounts payable	16,538	(7,698)	8,416
Accrued liabilities	(26,561)	(12,922)	24,679
Income taxes	(271)	20,425	3,608
Other, net	(657)	3,712	(4,004)
Cash flows from discontinued operating activities	7,127	3,453	9,988
Net cash provided by operating activities	257,992	172,983	211,068
Cash flows from investing activities:			
Acquisitions of businesses, net of cash acquired	(15,038)	(49,805)	(812,523)
Expenditures for identifiable intangible assets	(2,410)	(2,629)	(2,414)
Proceeds from bulk sale of precious metals inventory	--	6,754	41,814
Insurance proceeds received for fire-destroyed equipment	--	2,535	8,980
Redemption of PracticeWorks preferred stock	--	15,000	--
Proceeds from sale of PracticeWorks securities	23,506	--	--
Proceeds from sale of property, plant and equipment	2,959	1,777	645
Capital expenditures	(76,583)	(55,476)	(47,529)
Cash flows used in discontinued operations' investing activities	(1,811)	(2,658)	(3,659)
Net cash used in investing activities	(69,377)	(84,502)	(814,686)
Cash flows from financing activities:			
Proceeds from long-term borrowings, net of deferred financing costs	634	100,244	1,435,175
Payments on long-term borrowings	(70,738)	(190,589)	(819,186)
(Decrease) increase in short-term borrowings	(3,277)	(3,666)	7,511
Proceeds from exercise of stock options and warrants	16,871	9,053	8,017
Cash paid for treasury stock	--	--	(875)
Cash dividends paid	(14,999)	(14,358)	(14,228)
Realization of cross currency swap value	10,736	--	--
Proceeds from the termination of a pension plan	--	--	8,486
Fractional share payout	--	(53)	--
Net cash (used in) provided by financing activities	(60,773)	(99,369)	624,900
Effect of exchange rate changes on cash and cash equivalents	10,261	2,830	(3,005)
Net increase (decrease) in cash and cash equivalents	138,103	(8,058)	18,277
Cash and cash equivalents at beginning of period	25,652	33,710	15,433
Cash and cash equivalents at end of period	$ 163,755	$ 25,652	$ 33,710

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

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2003	2002	2001
	(in thousands)		
Supplemental disclosures of cash flow information:			
Interest paid	$25,796	$25,545	$15,967
Income taxes paid	57,733	55,913	47,215
Supplemental disclosures of non-cash transactions:			
Receipt of PracticeWorks convertible preferred stock in connection with the sale of Infosoft business	--	--	32,000
Receipt of PracticeWorks common stock and stock warrants in exchange for convertible preferred stock	--	18,582	--

The company assumed liabilities in conjunction with the following acquisitions:

	Date Acquired	Fair Value of Assets Acquired	Cash Paid for Assets or Capital Stock	Liabilities Assumed
		(in thousands)		
Austenal, Inc.	January 2002	$ 31,929	$ 17,770	$ 14,159
Degussa Dental Group	October 2001	654,878	528,487	126,391
CeraMed Dental (remaining 49%)	July 2001	20,000	20,000	--
Tulsa Dental Products (earn-out payment)	May 2001	84,627	84,627	--
Dental injectible anesthetic assets of AstraZeneca	March 2001	130,469	119,347	11,122
Friadent GmbH	January 2001	128,356	97,749	30,607

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

DENTSPLY INTERNATIONAL INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Description of Business

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

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. Intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts and Notes Receivable-Trade

The Company sells its products through a worldwide network of distributors or direct to the end user. For customers on credit terms, the Company performs ongoing credit evaluation of those customers' financial condition and generally does not require collateral from them. The Company establishes allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Accounts and notes receivable-trade are stated net of these allowances which were $15.1 million and $18.5 million at December 31, 2003 and 2002, respectively. Certain of the Company's customers are offered cash rebates based on targeted sales increases. In accounting for these rebate programs, the Company records an accrual as a reduction of net sales for the estimated rebate as sales take place throughout the year in accordance with EITF 01-09, " Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)".

Inventories

Inventories are stated at the lower of cost or market. At December 31, 2003 and 2002, the cost of $11.4 million, or 6%, and $13.0 million, or 6%, respectively, of inventories was determined by the last-in, first-out ("LIFO") method. The cost of other inventories was determined by the first-in, first-out ("FIFO") or average cost methods. The Company establishes reserves for inventory estimated to be obsolete or unmarketable equal to the difference between the cost of inventory and estimated market value based upon assumptions about future demand and market conditions.

If the FIFO method had been used to determine the cost of LIFO inventories, the amounts at which net inventories are stated would be higher than reported at December 31, 2003 and December 31, 2002 by $1.0 million and $0.8 million, respectively.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Except for leasehold improvements, depreciation for financial reporting purposes is computed by the straight-line method over the following estimated useful lives: buildings - generally 40 years and machinery and equipment - 4 to 15 years. The cost of leasehold improvements is amortized over the shorter of the estimated useful life or the term of the lease. Maintenance and repairs are charged to operations; replacements and major improvements are capitalized. These assets are reviewed for impairment whenever events or circumstances provide evidence that suggest that the carrying amount of the asset 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's carrying cost over its fair value.

Identifiable Finite-lived Intangible Assets

Identifiable finite-lived intangible assets, which primarily consist of patents, trademarks and licensing agreements, are amortized on a straight-line basis over their estimated useful lives, ranging from 5 to 40 years. 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. The Company performs ongoing impairment analysis on intangible assets related to new technology. Impairment is based upon an evaluation of the identifiable undiscounted cash flows. If impaired, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

Goodwill and Indefinite-Lived Intangible Assets

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets". This statement requires that the amortization of goodwill and indefinite-lived intangible assets be discontinued and instead an annual impairment approach be applied. The Company performed the the annual impairment tests during 2002 and 2003, as required, and no impairment was identified. These impairment tests are based upon a fair value approach rather than an evaluation of the undiscounted cash flows. If impairment is identified under SFAS 142, the resulting charge is determined by recalculating goodwill through a hypothetical purchase price allocation of the fair value and reducing the current carrying value to the extent it exceeds the recalculated value. If impairment is identified on indefinite-lived intangibles, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

Derivative Financial Instruments

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

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

Litigation

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

Foreign Currency Translation

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

Assets and liabilities of foreign subsidiaries are translated at exchange rates on the balance sheet date; revenue and expenses are translated at the average year-to-date rates of exchange. The effects of these translation adjustments are reported in stockholders' equity within "Accumulated other comprehensive income". During the years ended December 31, 2003 and 2002 the Company had translation gains of $153.0 million and $121.4 million, respectively, offset by losses of $57.0 million and $32.7 million, respectively, on its loans designated as hedges of net investments. During the year ended December 31, 2001 the Company had translation losses of $32.1 million offset by gains of $5.5 million on its loans designated as hedges of net investments.

Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved and translation adjustments in countries with highly inflationary economies are included in income. Exchange gains of $0.3 million in 2003 and $1.2 million in 2001 and exchange losses of $3.5 million in 2002 are included in "Other expense (income), net".

Revenue Recognition

Revenue, net of related discounts and allowances, is recognized at the time of shipment in accordance with shipping terms and as title and risk of loss pass to customers. Net sales include shipping and handling costs collected from customers in connection with the sale.

A significant portion of the Company's net sales is comprised of sales of precious metals generated through its precious metal alloy product offerings. The precious metals content of sales was $205.0 million, $187.1 million and $50.7 million for 2003, 2002 and 2001, respectively.

Warranties

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

Research and Development Costs

Research and development ("R&D") costs relate primarily to internal costs for salaries and direct overhead costs. In addition, the Company contracts with outside vendors to conduct R&D activities. All such R&D costs are charged to expense when incurred. The Company capitalizes the costs of equipment that has general R&D uses and expenses such equipment that is solely for specific R&D projects. The depreciation related to this capitalized equipment is included in the Company's R&D costs. R&D costs are included in "Selling, general and administrative expenses" and amounted to approximately $43.3 million, $39.9 million and $27.3 million for 2003, 2002 and 2001, respectively.

Income Taxes

Income taxes are determined in accordance with Statement of Financial Accounting Standards No. 109 ("SFAS 109"), which requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income tax liabilities and assets are determined based on the difference between financial statements and tax bases of liabilities and assets using enacted tax rates in effect for the year in which the differences are expected to reverse. SFAS 109 also provides for the recognition of deferred tax assets if it is more likely than not that the assets will be realized in future years. A valuation allowance has been established for deferred tax assets for which realization is not likely.

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

Earnings Per Share

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

Stock Compensation

The Company has stock-based employee compensation plans which are described more fully in Note 13. The Company applies the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations in accounting for stock compensation plans. Under this method, no compensation expense is recognized for fixed stock option plans, provided that the exercise price is greater than or equal to the price of the stock at the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", to stock-based employee compensation.

	Year Ended December 31,		
	2003	2002	2001
	(in thousands, except per share amounts)		
Net income as reported	$ 174,183	$ 147,952	$ 121,496
Deduct: Stock-based employee compensation expense determined under fair value method, net of related tax	(11,062)	(9,576)	(6,137)
Pro forma net income	$ 163,121	$ 138,376	$ 115,359
Basic earnings per common share			
As reported	$ 2.21	$ 1.89	$ 1.56
Pro forma under fair value based method	$ 2.07	$ 1.77	$ 1.49
Diluted earnings per common share			
As reported	$ 2.16	$ 1.85	$ 1.54
Pro forma under fair value based method	$ 2.02	$ 1.73	$ 1.46

Other Comprehensive Income (Loss)

Other comprehensive income (loss) includes foreign currency translation adjustments related to the Company's foreign subsidiaries, net of the related changes in certain financial instruments hedging these foreign currency investments. In addition, changes in the fair value of the Company's available-for-sale investment securities and certain derivative financial instruments and changes in its minimum pension liability are recorded in other comprehensive income (loss). These adjustments are recorded in other comprehensive income (loss) net of any related tax effects. For the years ended 2003 and 2002, these adjustments were net of tax benefits of $29.1 million and $32.9 million, respectively. For the year ended 2001, these adjustments were net of tax liabilities of $5.6 million.

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

	December 31,	
	2003	2002
	(in thousands)	
Foreign currency translation adjustments	$ 109,532	$ 13,548
Net loss on derivative financial instruments	(3,553)	(5,983)
Unrealized gain (loss) on available-for-sale securities	151	(4,854)
Minimum pension liability	(1,210)	(1,087)
	$ 104,920	$ 1,624

The cumulative foreign currency translation adjustments included translation gains of $193.0 million and $39.9 million as of December 31, 2003 and 2002, respectively, offset by losses of $83.5 million and $26.4 million, respectively, on loans designated as hedges of net investments.

Reclassifications

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

New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an interpretation of ARB 51". The primary objectives of this interpretation are to provide guidance on the identification of entities for which control is achieved through means other than through voting rights ("variable interest entities") and how to determine when and which business enterprise should consolidate the variable interest entity (the "primary beneficiary"). This new model for consolidation applies to an entity which either (1) the equity investors (if any) do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46 requires that both the primary beneficiary and all other enterprises with a significant variable interest in a variable interest entity make additional disclosures. Certain disclosure requirements of FIN 46 are effective for financial statements issued after January 31, 2003. The remaining provisions of FIN 46 are effective immediately for all variable interests in entities created after January 31, 2003. Adoption of this provision did not have an effect on the Company. In December 2003, the FASB released a revised version of FIN 46, FIN 46R, to clarify certain aspects of FIN 46 and to provide certain entities with exemptions from the requirements of FIN 46. FIN 46R requires the application of either FIN 46 or FIN 46R to all Special Purpose Entitied ("SPE's") created prior to February 1, 2003 at the end of the first interim or annual reporting period ending after December 15, 2003. Adoption of this provision did not have an effect on the Company. FIN 46R will be applicable to all non-SPE entities created prior to February 1, 2003 at the end of the first interim or annual reporting period ending after March 15, 2004. The Company does not expect the application of this portion of FIN 46R to have a material impact on the Company's financial statements.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". The statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". Specifically, the statement clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS 149 is effective for contracts entered into or modified after June 30, 2003. The Application of this standard has not had a material impact on the Company's financial statements.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150 ("SFAS 150"), " Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Adoption of the provisions of SFAS No. 150 in the third quarter of 2003 related to mandatorily redeemable financial instruments had no effect on the Company's financial statements. In November 2003, the FASB issued FSP No. 150-3, "Effective Date, Disclosures and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests under FASB Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". For public companies, FSP 150-3 deferred the provisions of SFAS 150 related to classification and measurement of certain mandatorily redeemable noncontrolling interests issued prior to November 5, 2003. For mandatorily redeemable noncontrolling interests issued after November 5, 2003, SFAS 150 applies without any deferral. The Company continues to analyze the provisions of SFAS 150 related to mandatorily redeemable noncontrolling interests, but does not believe that application of these provisions will have a material impact on the Company's financial statements.

In January 2004, the FASB released FASB Staff Position ("FSP") No. 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" requires a company to consider current changes in applicable laws when measuring its postretirement benefit costs and accumulated postretirement benefit obligation. However, because of uncertainties of the effect of the provisions of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") on plan sponsors and certain accounting issues raised by the Act, FSP 106-1 allows plan sponsors to elect a one-time deferral of the accounting for the Act. The Company is electing the deferral provided by FSP 106-1 to analyze the impact of the Act on prescription drug coverage provided to a limited number of retirees from one of its business units. The Company does not expect the Act to have a material impact on the Company's postretiremenent benefits liabilities or the Company's financial statements.

NOTE 2 - EARNINGS PER COMMON SHARE

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

	Income From Continuing Operations	Income From Discontinued Operations	Net Income	Shares	Earnings per common share: Continuing Operations	Earnings per common share: Discontinued Operations	Earnings per common share: Total
			(in thousands, except per share amounts)				
Year Ended December 31, 2003							
Basic	$169,853	$ 4,330	$174,183	78,823	$ 2.16	$ 0.05	$ 2.21
Incremental shares from assumed exercise of dilutive options	--	--	--	1,824			
Diluted	$169,853	$ 4,330	$174,183	80,647	$ 2.11	$ 0.05	$ 2.16
Year Ended December 31, 2002							
Basic	$143,641	$ 4,311	$147,952	78,180	$ 1.84	$ 0.05	$ 1.89
Incremental shares from assumed exercise of dilutive options	--	--	--	1,814			
Diluted	$143,641	$ 4,311	$147,952	79,994	$ 1.80	$ 0.05	$ 1.85
Year Ended December 31, 2001							
Basic	$117,714	$ 3,782	$121,496	77,671	$ 1.51	$ 0.05	$ 1.56
Incremental shares from assumed exercise of dilutive options	--	--	--	1,304			
Diluted	$117,714	$ 3,782	$121,496	78,975	$ 1.49	$ 0.05	$ 1.54

Options to purchase 1.4 million and 0.1 million shares of common stock that were outstanding during the years ended 2003 and 2002, respectively, were not included in the computation of diluted earnings per share since the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

NOTE 3 - BUSINESS ACQUISITIONS AND DIVESTITURES

Acquisitions

All acquisitions completed in 2002 and 2001 were accounted for under the purchase method of accounting; accordingly, the results of the operations acquired are included in the accompanying financial statements for the periods subsequent to the respective dates of the acquisitions. The purchase prices were allocated on the basis of estimates of the fair values of assets acquired and liabilities assumed.

In January 2002, the Company acquired the partial denture business of Austenal Inc. ("Austenal") in a cash transaction valued at approximately $17.8 million. Previously headquartered in Chicago, Illinois, Austenal manufactured dental laboratory products and was the world leader in the manufacture and sale of systems used by dental laboratories to fabricate partial dentures.

In October 2001, the Company completed the acquisition of the Degussa Dental Group ("Degussa Dental"). The Company paid 548 million Euros or $503 million at the closing date and paid 12.1 million Euros, or $11.4 million, as a closing balance sheet adjustment in June 2002. The final closing balance payment to Degussa of $9.3 million was made in December 2003, as a result of an arbitration ruling.

Prior to the acquisition, Degussa Dental had carried large amounts of precious metals, for its production of precious metal alloy products, in inventory which resulted in exposure to the risk of price changes in the precious metals. After the acquisition, Dentsply management changed Degussa Dental's practice of holding a long position in the metal to holding metal on a consignment basis from various financial institutions. In connection with this change in practice, the Company sold certain precious metals to various financial institutions in the fourth quarter of 2001 for a value of $41.8 million and in the first quarter of 2002 for a value of $6.8 million. These transactions effectively transferred the price risk on the precious metals to the financial institutions and allows the Company to acquire the precious metal at approximately the same time and for the same price as alloys are sold to the Company's customers. As the precious metal inventory was recorded at fair value as of the acquisition date, which was based on the value realized in the transactions with the financial institutions, the Company did not recognize a gain or loss on these transactions.

In March 2001, the Company acquired the dental injectible anesthetic assets of AstraZeneca ("AZ Assets"). The total purchase price of this transaction was composed of the following: an initial $96.5 million payment which was made at closing in March 2001; a $20 million contingency payment (including related accrued interest) associated with the first year sales of injectible dental anesthetic which was paid during the first quarter of 2002.

In a separate agreement, as amended, the Company acquired the know-how, patent and trademark rights to the non-injectible periodontal anesthetic product known as Oraqix with a purchase price composed of the following: a $2.0 million payment upon submission of a New Drug Application ("NDA") in the U.S. and a Marketing Authorization Application ("MAA") in Europe for the Oraqix product under development; payments of $6.0 million and $2.0 million upon the approval of the NDA and MAA, respectively, for licensing rights; and a $10.0 million prepaid royalty payment upon approval of both applications. The $2.0 million payment related to the application filings was accrued as restructuirng and other costs during the fourth quarter of 2001 and was paid during the first quarter of 2002. The MAA was approved in Sweden, the European Union member reference state, and the Company made the required $2.0 million payment to AstraZeneca in the second quarter of 2003. The NDA application was approved in December 2003 and as a result the remaining payments of $16.0 million became due and were accrued in 2003 and the payments were made in January 2004. These payments were capitalized and will be amortized over the term of the licensing agreement.

In January 2001, the Company acquired the outstanding shares of Friadent GmbH ("Friadent") for 220 million German marks or $106 million ($105 million, net of cash acquired). During the first quarter of 2002, the Company received cash of 16.5 million German marks or approximately $7.3 million, representing a final balance sheet adjustment. As a result of this closing balance sheet adjustment, goodwill was reduced by approximately $7.3 million. Previously headquartered in Mannheim, Germany, Friadent was a major global dental implant manufacturer and marketer with subsidiaries in Germany, France, Denmark, Sweden, the United States, Switzerland, Brazil, and Belgium.

The respective purchase prices plus direct acquisition costs for Austenal, Degussa Dental, Friadent and the AZ Assets have been allocated on the basis of estimated fair values at the dates of acquisition. The purchase price allocations for these acquisitions are as follows:

	Austenal	Degussa Dental	AZ Assets	Friadent
	(in thousands)			
Current assets	$ 5,991	$ 166,216	$ --	$ 16,244
Property, plant and equipment	2,413	71,641	878	4,184
Identifiable intangible assets and goodwill	20,227	402,678	129,591	98,282
Other long-term assets	3,298	14,343	--	4,882
Current liabilities	(8,357)	(62,550)	(11,122)	(18,855)
Other long-term liabilities	(5,802)	(63,841)	--	(6,988)
	$ 17,770	$ 528,487	$ 119,347	$ 97,749

A summary of the identifiable intangible assets and goodwill acquired in these acquisitions is as follows:

	Austenal		Degussa Dental		AZ Assets		Friadent	
	Value Assigned	Weighted Average Amortization Period	Value Assigned	Weighted Average Amortization Period	Value Assigned	Weighted Average Amortization Period	Value Assigned	Weighted Average Amortization Period
Finite-lived intangible assets:								
Patents	$ 548	9.0	$ 8,300	12.3	$ -		$ 2,302	7.3
Trademarks	-		6,800	40.0	-		603	10.0
Licensing agreements	-		4,143	18.0	-		1,909	3.3
Other	-		1,479	3.0	-		875	2.8
	548	9.0	20,722	21.9	-		5,689	5.6
Indefinite-lived intangible assets:								
Licensing agreements	-	N/A	-	N/A	129,591	N/A	-	N/A
Goodwill	19,679	N/A	381,956	N/A	-	N/A	92,593	N/A
	$20,227		$402,678		$ 129,591		$98,282	

The factors that contributed to the purchase price for Austenal, and the resulting goodwill, included its partial denture products which helped to expand the Company's product offerings. None of the goodwill recognized as a result of the Austenal transaction is expected to be deductible for tax purposes.

The factors that contributed to the purchase price for Degussa Dental, and the resulting goodwill, included its product breadth and worldwide position in precious metal alloys used in dentistry, its ceramics technology for crown and bridge applications and its strong position in Europe and Japan. The Company expects that approximately 50% of the goodwill recognized as a result of the transaction will be deductible for tax purposes.

The factors that contributed to the purchase price for Friadent, and the resulting goodwill, included its strong position in dental implants, one of the highest growth areas in dentistry. The Company expects that approximately 25% of the goodwill recognized as a result of the transaction will be deductible for tax purposes.

In August 1996, the Company purchased a 51% interest in CeraMed Dental ("CeraMed") for $5 million with the right to acquire the remaining 49% interest. In March 2001, the Company entered into an agreement for an early buy-out of the remaining 49% interest in CeraMed at a cost of $20 million, which was made in July 2001, with a potential contingent consideration ("earn-out") provision capped at $5 million. The earn-out was based on future sales of CeraMed products during the August 1, 2001 to July 31, 2002 time frame, with any additional pay out due on September 30, 2002. The Company was not required to make a payment under this earn-out provision.

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

Divestitures

In March 2001, the Company sold InfoSoft, LLC to PracticeWorks Inc. ("PracticeWorks"). InfoSoft, LLC was the wholly owned subsidiary of the Company, that developed and sold software and related products for dental practice management. In the transaction, the Company received 6.5% convertible preferred stock in PracticeWorks, with a fair value of $32 million. The sale resulted in a $23.1 million pretax gain which was included in "Other expense (income), net" in 2001. The Company recorded the preferred stock investment and subsequent accrued dividends to "Other noncurrent assets".

In June 2002, the Company completed a transaction with PracticeWorks to exchange the accumulated balance of this preferred stock investment for a combination of $15.0 million of cash, 1.0 million shares of PracticeWorks' common stock valued at $15.0 million and 450,000 seven-year term stock warrants issued by PracticeWorks, valued at $3.6 million, based on the Black-Scholes option pricing model. The transaction resulted in a loss to the Company of $1.1 million, which is included in "Other expense (income), net" in 2002.

In October 2003, PracticeWorks was acquired by Eastman Kodak in a cash transaction and as a result the Company received $23.5 million for its common stock and warrant holdings. This buyout resulted in a Company recognizing a $5.8 million pre-tax gain, which is included in "Other expense (income), net" in 2003.

NOTE 4 - SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

The Company follows Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosures about Segments of an Enterprise and Related Information". SFAS 131 establishes standards for disclosing information about reportable segments in financial statements. The Company has numerous operating businesses covering a wide range of products and geographic regions, primarily serving the professional dental market. Professional dental products represented approximately 98%, 98% and 97% of sales in 2003, 2002 and 2001, respectively.

Operating businesses are combined into five operating groups which have overlapping product offerings, geographical presence, customer bases, distribution channels, and regulatory oversight. In determining reportable segments, the Company considers its operating and management structure and the types of information subject to regular review by its chief operating decision-maker. 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). The Company measures segment income for reporting purposes as net operating profit before restructuring, interest and taxes. A description of the services provided within each of the Company's five reportable segments follows:

Dental Consumables - U.S. and Europe/Japan/Non-Dental

This business group includes responsibility for the design, manufacturing, sales, and distribution for certain small equipment and chairside consumable products in the U.S., Germany, Scandinavia, Iberia and Eastern Europe; the design and manufacture of certain chairside consumable and laboratory products in Japan, the sales and distribution of all Company products in Japan; and the design and the Company's non-dental business.

Endodontics/Professional Division Dental Consumables/Asia

This business group includes the responsibility for the design and manufacturing for endodontic products in the U.S., Switzerland and Germany; certain small equipment and chairside consumable products in the U.S.; and laboratory products in China. The business is responsible for sales and distribution of all Company products throughout Asia - except Japan; all Company endodontic products in the U.S., Canada, Swtizerland, Benelux, Scandinavia, and Eastern Europe, and certain endodontic products in Germany; and certain small equipment and chairside consumable products in the U.S.

Dental Consumables - United Kingdom, France, Italy, CIS, Middle East, Africa/European Dental Laboratory Business

This business group includes responsibility for the design and manufacture of dental laboratory products in Germany and the Netherlands and the sales and distribution of these products in Europe, Eastern Europe, Middle East, Africa and the CIS. The group also has responsibility for sales and distribution of the Company's other products in France, United Kingdom, Italy, Middle East, Africa and the CIS.

Australia/Canada/Latin America/U.S. Pharmaceutical

This business group includes responsibility for the design, manufacture, sales and distribution of dental anesthetics in the U.S. and Brazil; chairside consumable and laboratory products in Brazil. It also has responsibility for the sales and distribution of all Company products sold in Australia, Canada, Latin America and Mexico.

U.S. Dental Laboratory Business/Implants/Orthodontics

This business group includes the responsibility for the design, manufacture, sales and distribution for laboratory products in the U.S. and the sales and distribution of U.S. manufactured laboratory products in certain international markets; the design, manufacture, world-wide sales and distribution of the Company's dental implant and bone generation products; and the world-wide sales and distribution of the Company's orthodontic products.

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 segments based on the segments operating income and net third party sales excluding precious metal content.

The following table sets forth information about the Company's operating groups for 2003, 2002 and 2001.

Third Party Net Sales

	2003	2002	2001
Dental Consumables - U.S. and Europe/Japan/Non-dental	$ 277,304	$ 254,503	$ 193,788
Endodontics/Professional Division Dental Consumables/Asia	384,706	358,227	316,257
Dental Consumables - UK, France, Italy, CIS, Middle East, Africa/European Dental Laboratory Business	455,431	376,441	178,382
Australia/Canada/Latin America/U.S. Pharmaceutical	114,447	109,661	122,052
U.S. Dental Laboratory Business/Implants/Orthodontics	318,292	298,287	217,839
All Other (a)	20,745	20,481	16,957
Total	$1,570,925	$1,417,600	$1,045,275

Third Party Net Sales, excluding precious metal content

	2003	2002	2001
Dental consumables - U.S. and Europe/Japan/Non-dental	$ 264,648	$ 242,117	$ 190,708
Endodontics/Professional Division Dental Consumables/Asia	381,509	357,643	316,257
Dental Consumables - UK, France, Italy, CIS, Middle East, Africa/European Dental Laboratory Business	307,017	241,135	139,530
Australia/Canada/Latin America/U.S. Pharmaceutical	113,262	108,454	121,983
U.S. Dental Laboratory Business/Implants/Orthodontics	278,709	260,682	209,195
All Other	20,745	20,481	16,957
Total excluding precious metal content	1,365,890	1,230,512	994,630
Precious Metal Content	205,035	187,088	50,645
Total including Precious Metal Content	$1,570,925	$1,417,600	$1,045,275

Intersegment Net Sales

	2003	2002	2001
Dental consumables - U.S. and Europe/Japan/Non-dental	$ 207,284	$ 190,520	$ 173,875
Endodontics/Professional Division Dental Consumables/Asia	158,501	151,125	144,110
Dental Consumables - UK, France, Italy, CIS, Middle East, Africa/European Dental Laboratory Business	76,648	63,636	15,511
Australia/Canada/Latin America/U.S. Pharmaceutical	33,276	37,923	21,714
U.S. Dental Laboratory Business/Implants/Orthodontics	31,737	29,036	29,005
All Other	158,377	153,842	109,680
Eliminations	(665,823)	(626,082)	(493,895)
Total	$ -	$ -	$ -

Depreciation and amortization

	2003	2002	2001
Dental consumables - U.S. and Europe/Japan/Non-dental	$ 6,719	$ 6,869	$ 6,127
Endodontics/Professional Division Dental Consumables/Asia	11,042	10,574	16,166
Dental Consumables - UK, France, Italy, CIS, Middle East, Africa/European Dental Laboratory Business	9,189	7,140	1,768
Australia/Canada/Latin America/U.S. Pharmaceutical	1,715	1,259	2,791
U.S. Dental Laboratory Business/Implants/Orthodontics	7,652	7,259	7,800
All Other	9,344	8,251	16,860
Total	$ 45,661	$ 41,352	$ 51,512

Segment Operating Income

	2003	2002	2001
Dental consumables - U.S. and Europe/Japan/Non-dental	$ 82,378	$ 70,941	$ 59,789
Endodontics/Professional Division Dental Consumables/Asia	154,025	141,585	110,111
Dental Consumables - UK, France, Italy, CIS, Middle East, Africa/European Dental Laboratory Business	30,545	11,356	(72)
Australia/Canada/Latin America/U.S. Pharmaceutical	12,031	14,758	20,167
U.S. Dental Laboratory Business/Implants/Orthodontics	41,428	50,191	42,034
All Other	(48,724)	(42,111)	(56,747)
Segment Operating Income	271,683	246,720	175,282
Reconciling Items:			
Restructuring and other costs (income)	3,700	(2,732)	5,073
Interest Expense	26,079	29,242	19,358
Interest Income	(1,874)	(1,853)	(1,102)
Other (income) expense, net	(7,418)	7,973	(27,569)
Income before income taxes	$ 251,196	$ 214,090	$ 179,522

Assets

	2003	2002	2001
Dental consumables - U.S. and Europe/Japan/Non-dental	$ 187,248	$ 181,747	$ 149,664
Endodontics/Professional Division Dental Consumables/Asia	1,215,723	1,189,961	1,160,798
Dental Consumables - UK, France, Italy, CIS, Middle East, Africa/European Dental Laboratory Business	590,208	517,067	499,812
Australia/Canada/Latin America/U.S. Pharmaceutical	256,299	169,989	124,926
U.S. Dental Laboratory Business/Implants/Orthodontics	311,782	310,258	253,870
All Other	(115,673)	(281,989)	(390,919)
Total	$2,445,587	$2,087,033	$1,798,151

Capital Expenditures

	2003	2002	2001
Dental consumables - U.S. and Europe/Japan/Non-dental	$ 8,569	$ 8,394	$ 8,444
Endodontics/Professional Division Dental Consumables/Asia	8,517	12,550	18,458
Dental Consumables - UK, France, Italy, CIS, Middle East, Africa/European Dental Laboratory Business	5,075	9,624	2,525
Australia/Canada/Latin America/U.S. Pharmaceutical	39,547	3,434	2,752
U.S. Dental Laboratory Business/Implants/Orthodontics	5,265	8,870	10,356
All Other	9,610	12,604	4,994
Total	$ 76,583	$ 55,476	$ 47,529

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

Geographic Information

The following table sets forth information about the Company's operations in different geographic areas for 2003, 2002 and 2001. Net sales reported below represent revenues for shipments made by operating businesses located in the country or territory identified, including export sales. Assets reported represent those held by the operating businesses located in the respective geographic areas.

	United States	Germany	Other Foreign	Consolidated
		(in thousands)		
2003				
Net sales	$ 705,541	$ 397,357	$ 468,027	$ 1,570,925
Long-lived assets	213,607	121,481	129,059	464,147
2002				
Net sales	$ 684,809	$ 325,301	$ 407,490	$ 1,417,600
Long-lived assets	178,978	100,707	114,099	393,784
2001				
Net sales	$ 578,755	$ 152,010	$ 314,510	$ 1,045,275
Long-lived assets	130,362	66,756	91,288	288,406

Product and Customer Information

The following table presents sales information by product category:

	Year Ended December 31,		
	2003	2002	2001
	(in thousands)		
Dental consumables	$ 555,738	$ 523,060	$ 457,344
Dental laboratory products	521,131	473,485	225,788
Specialty dental products	460,506	388,066	327,150
Non-dental	33,550	32,989	34,993
	$1,570,925	$1,417,600	$1,045,275

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

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

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

Non-dental products are comprised primarily of investment casting materials that are used in the production of jewelry, golf club heads and other casted products.

Third party export sales from the United States are less than ten percent of consolidated net sales. No customers accounted for more than ten percent of consolidated net sales in 2003 and 2002. In 2001, one customer, a distributor, accounted for 11% of consolidated net sales.

NOTE 5 - OTHER (INCOME) EXPENSE

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

	Year Ended December 31,		
	2003	2002	2001
	(in thousands)		
Foreign exchange transaction (gains) losses	$ (263)	$ 3,481	$ (1,177)
Gain on sale of InfoSoft, LLC	--	--	(23,121)
(Gain) loss on PracticeWorks securities	(7,395)	2,598	(1,710)
Minority interests	(312)	364	(1,265)
Other	552	1,530	(296)
	$ (7,418)	$ 7,973	$(27,569)

NOTE 6 - DISCONTINUED OPERATIONS

During the fourth quarter of the year ended December 31, 2003, the Company's management and board of directors made the decision to divest of its Gendex equipment business. The sale of Gendex narrows the Company's product lines to focus primarily on dental consumables. Gendex is a manufacturer of dental x-ray equipment and accessories and intraoral cameras. On December 11, 2003, the Company entered into a definitive agreement to sell the assets and related liabilities of the Gendex business to Danaher Corporation for $102.5 million cash, plus the assumption of certain pension liabilities. The agreement also contains a provision for a post-closing adjustment to the purchase price bosed on changes in certain balance sheet accounts. The transaction closed on February 27, 2004.

Also during the fourth quarter of the year ended December 31, 2003, the Company's management and board of directors made a decision to discontinue the operations of the Company's dental needle business.

The Gendex business and the dental needle business are distinguishable as separate components of the Company in accordance with Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets". The Gendex business and the needle business are classified as held for sale at December 31, 2003 in accordance with SFAS 144. Direct costs to transact the sales are comprised of, but not limited to, broker commissions, legal and title transfer fees and closing costs. The statements of operations and related financial statement disclosures for all prior years have been restated to present the Gendex business and needle business as discontinued operations separate from continuing operations.

Discontinued operations net revenue and income before income taxes for the periods presented were as follows:

	Year Ended December 31,		
	2003	2002	2001
	(in thousands)		
Net sales	$106,313	$ 96,142	$ 87,693
Income before income taxes	7,329	6,893	5,605

The following assets and liabilities are reclassified as held for sale for the periods presented as follows:

	December 31, 2003 (in thousands)
Accounts and notes receivable-trade, net	$10,626
Inventories, net	16,848
Prepaid expenses and other current assets	788
Current assets of discontinued operations held for sale	$28,262
Property, plant and equipment, net	$ 7,656
Identifiable intangible assets, net	4,022
Goodwill, net	5,771
Noncurrent assets of discontinued operations held for sale	$17,449
Accounts payable	$10,021
Accrued liabilities	10,185
Current liabilities of discontinued operations	$20,206
Other noncurrent liabilities	$ 1,269
Noncurrent liabilities of discontinued operations	$ 1,269

NOTE 7 - INVENTORIES

Inventories consist of the following:

	December 31, 2003	2002
	(in thousands)	
Finished goods	$123,290	$134,989
Work-in-process	41,997	39,065
Raw materials and supplies	40,300	40,438
	$205,587	$214,492

NOTE 8- PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	December 31, 2003	2002
	(in thousands)	
Assets, at cost:		
Land	$ 40,553	$ 34,746
Buildings and improvements	190,222	160,566
Machinery and equipment	295,354	274,915
Construction in progress	60,036	28,368
	586,165	498,595
Less: Accumulated depreciation	209,954	185,417
	$376,211	$313,178

NOTE 9 - GOODWILL AND INTANGIBLE ASSETS

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets". This statement requires that the amortization of goodwill and indefinite-lived intangible assets be discontinued and instead an annual impairment test approach be applied. The impairment tests are required to be performed annually (or more often if adverse events occur) and are based upon a fair value approach rather than an evaluation of undiscounted cash flows. If goodwill impairment is identified, the resulting charge is determined by recalculating goodwill through a hypothetical purchase price allocation of the fair value and reducing the current carrying value to the extent it exceeds the recalculated goodwill. If impairment is identified on indefinite-lived intangibles, the resulting charge reflects the excess of the asset's carrying cost over its fair value. Other intangible assets with finite lives will continue to be amortized over their useful lives.

The Company performed the required annual impairment tests in the second quarter of 2003 and no impairment was identified. This impairment assessment was based upon a review of twenty reporting units.

In accordance with SFAS 142, prior period amounts have not been restated. The following table presents prior year reported amounts adjusted to eliminate the amortization of goodwill and indefinite-lived intangible assets.

	Year Ended December 31, 2003	2002	2001
	(in thousands, except per share amounts)		
Reported net income	$ 174,183	$ 147,952	$ 121,496
Add: amortization adjustment, net of related tax	-	-	13,963
Adjusted net income	$ 174,183	$ 147,952	$ 135,459
Reported basic earnings per share	$ 2.21	$ 1.89	$ 1.56
Add: amortization adjustment	-	-	0.18
Adjusted basic earnings per share	$ 2.21	$ 1.89	$ 1.74
Reported diluted earnings per share	$ 2.16	$ 1.85	$ 1.54
Add: amortization adjustment	-	-	0.18
Adjusted diluted earnings per share	$ 2.16	$ 1.85	$ 1.72

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

	December 31, 2003	2002
	(in thousands)	
Goodwill	$ 963,264	$ 898,497
Indefinite-lived identifiable intangible assets:		
Trademarks	$ 4,080	$ 4,080
Licensing agreements	165,621	149,254
Finite-lived identifiable intangible assets	76,774	82,675
Total identifiable intangible assets	$ 246,475	$ 236,009

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

	December 31, 2003	2002
	(in thousands)	
Balance, beginning of the year	$ 898,497	$ 763,270
Acquisition activity	15,153	28,176
Changes to purchase price allocation	(28,381)	40,025
Reclassification to assets held for sale(Note 6)	(5,771)	--
Impairment charges (Note 16)	(360)	--
Effects of exchange rate changes	84,126	67,026
Balance, end of the year	$ 963,264	$ 898,497

The change in the net carrying value of goodwill in 2003 was primarily due to the final payment related to the Degussa Dental acquisition, several small acquisitions including the purchase of one of the Company's suppliers and additional investments in partially owned subsidiaries, foreign currency translation adjustments, reclassification to assets held for sale and changes to the purchase price allocations of Austenal, Degussa Dental and Friadent. These purchase price allocation changes were primarily related to the reversal of preacquisition tax contingencies due to expiring statutes.

The increase in indefinite-lived licensing agreements was due to foreign currency translation adjustments. These intangible assets relate exclusively to the royalty-free licensing rights to AstraZeneca's dental products and tradenames, which are primarily denominated in Swiss francs. The change in finite-lived identifiable intangible assets was due primarily to amortization for the period, reclassification to assets held for sale, additions related to the Oraqix agreement and foreign currency translation adjustments.

Finite-lived identifiable intangible assets consist of the following:

	December 31, 2003			December 31, 2002		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in thousands)					
Patents	$ 55,142	$ (33,425)	$ 21,717	$ 53,902	$ (30,015)	$ 23,887
Trademarks	34,936	(7,142)	27,794	37,145	(6,608)	30,537
Licensing agreements	30,858	(8,105)	22,753	23,730	(6,411)	17,319
Other	12,573	(8,063)	4,510	26,151	(15,219)	10,932
	$ 133,509	$ (56,735)	$ 76,774	$ 140,928	$ (58,253)	$ 82,675

Amortization expense for finite-lived identifiable intangible assets for 2003, 2002 and 2001 was $8.8 million, $9.0 million and $10.4 million, respectively. The annual estimated amortization expense related to these intangible assets for each of the five succeeding fiscal years is $8.1 million, $7.2 million, $6.4 million, $5.7 million and $5.2 million for 2004, 2005, 2006, 2007 and 2008, respectively.

NOTE 10 - ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	December 31, 2003	2002
	(in thousands)	
Payroll, commissions, bonuses and other cash compensation	$ 42,200	$ 44,490
Employee benefits	14,692	13,181
General insurance	15,852	14,965
Sales and marketing programs	15,944	15,424
Restructuring and other costs (Note 16)	7,781	15,190
Accrued Oraqix payments	16,000	--
Warranty liabilities	3,629	7,429
Other	56,586	80,104
	$172,684	$190,783

A reconciliation of changes in the Company's warranty liability for 2003 is as follows:

	Warranty Liability
	December 31, 2003
	(in thousands)
Balance, beginning of the year	$ 7,429
Accruals for warranties issued during the year	5,064
Accruals related to pre-existing warranties	(1,328)
Warranty settlements made during the year	(4,663)
Reclassification to liabilities of discontinued operations	(3,378)
Effects of exchange rate changes	505
Balance, end of the year	$ 3,629

NOTE 11 - FINANCING ARRANGEMENTS

Short-Term Borrowings

Short-term bank borrowings amounted to $0.8 million and $3.2 million at December 31, 2003 and 2002, respectively. The weighted average interest rates of these borrowings were 4.8% and 2.5% at December 31, 2003 and 2002, respectively. Unused lines of credit for short-term financing at December 31, 2003 and 2002 were $84.9 million and $80.0 million, respectively. Substantially all short-term borrowings were classified as long-term as of December 31, 2003 and 2002, reflecting the Company's intent and ability to refinance these obligations beyond one year and are included in the table below. The unused lines of credit have no major restrictions and are provided under demand notes between the Company and the lending institution. Interest is charged on borrowings under these lines of credit at various rates, generally below prime or equivalent money rates.

Long-Term Borrowings

	December 31, 2003	2002
	(in thousands)	
$250 million multi-currency revolving credit agreement expiring May 2006, Japanese yen 12.6 billion at 0.56%	$ 116,659	$ 152,803
$250 million multi-currency revolving credit agreement expiring May 2004	-	-
Prudential Private Placement Notes, Swiss franc denominated, 84.4 million at 4.56% and 82.5 million at 4.42% maturing March 2007, 80.4 million at 4.96% maturing October 2006	198,722	178,881
ABN Private Placement Note, Japanese yen 6.2 billion at 1.39% maturing December 2005	38,646	52,562
Euro 350.0 million Eurobonds at 5.75% maturing December 2006	452,712	378,144
$250 million commercial paper facility rated A/2-P/2 U.S. dollar borrowings	-	-
Other borrowings, various currencies and rates	4,599	8,836
	811,338	771,226
Less: Current portion (included in notes payable and current portion of long-term debt)	21,136	1,403
	$ 790,202	$ 769,823

The table below reflects the contractual maturity dates of the various borrowings at December 31, 2003 (in thousands). The individual borrowings under the revolving credit agreement are structured to mature on a quarterly basis but because the Company has the intent and ability to extend them until the expiration date of the agreement, these borrowings are considered contractually due in May 2006.

2004	$ 22,780
2005	64,738
2006	679,093
2007	44,727
	$811,338

The Company utilizes interest rate swaps to convert the variable rate Japanese yen-denominated debt under the revolving facility to fixed rate debt. In addition, swaps are used to convert the fixed rate Eurobond to variable rate financing. The Company's use of interest rate swaps is further described in " QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK" and in Note 17.

The Company has a $500 million revolving credit agreement with participation from thirteen banks. The revolving credit agreements contain certain affirmative and negative covenants as to the operations and financial condition of the Company, 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 plus depreciation and amortization to interest expense. The Company pays a facility fee of 0.125 % annually on the amount of the commitment under the $250 million five year facility ("facility B") and 0.125% annually under the $250 million 364-day facility ("facility A"). Interest rates on amounts borrowed under the facility will depend on the maturity of the borrowing, the currency borrowed, the interest rate option selected, and the Company's long-term credit rating from Moody's and Standard and Poors.

The $250 million facility A may be extended, subject to certain conditions, for additional periods of 364 days, which the Company intends to extend annually. The entire $500 million revolving credit agreement has a usage fee of 0.125 % annually if utilization exceeds 50% of the total available facility.

The Company has complementary U.S. dollar and Euro multicurrency commercial paper facilities totaling $250 million which have utilization, dealer, and annual appraisal fees which on average cost 0.11% annually. The $250 million facility A acts as back-up credit to this commercial paper facility. The total available credit under the commercial paper facilities and the facility A is $250 million There were no outstanding commercial paper obligations at December 31, 2003.

In March 2001, the Company issued Series A and B private placement notes to Prudential Capital Group totaling Swiss francs 166.9 million at an average rate of 4.49% with six year final maturities. The notes were issued to finance the acquisition of the AZ Assets. In October 2001, the Company issued a Series C private placement note to Prudential Capital Group for Swiss francs 80.4 million at a rate of 4.96% with a five year final maturity. The series A and B notes were also amended in October 2001 to increase the interest rate by 30 basis points, reflecting the Company's higher leverage. In December 2001, the Company issued a private placement note through ABN AMRO for Japanese yen 6.2 billion at a rate of 1.39% with a four year final maturity. The Series C note and the ABN note were issued to partially finance the Degussa Dental acquisition.

In December 2001, the Company issued 350 million Eurobonds with a coupon of 5.75%, maturing December 2006 at an effective yield of 5.89%. These bonds were issued to partially finance the Degussa Dental acquisition.

At December 31, 2003, the Company had total unused lines of credit, including lines available under its short-term arrangements, of $472 million.

NOTE 12 - OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities consist of the following:

	December 31,	
	2003	2002
	(in thousands)	
Pension benefits (Note 15)	$ 67,854	$ 55,063
Noncurrent income taxes payable (Note 18)	45,750	67,880
Other postretirement benefits (Note 15)	10,711	10,676
Derivative instruments (Note 17)	5,843	7,890
Other	12,546	13,610
	$142,704	$155,119

NOTE 13 - STOCKHOLDERS' EQUITY

The Board of Directors authorized the repurchase of up to 1.5 million shares of common stock for the year ended December 31, 2001 on the open market or in negotiated transactions, with the authorization expiring on December 31 of that year. The Company repurchased 37,500 shares for $0.9 million in 2001. No share repurchases were made during 2003 and 2002. In December 2003, the Board of Directors authorized the repurchase of up to 1.0 million shares of common stock for the year ended December 31, 2004 on the open market.

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

The 2002 Plan authorized grants of 7.0 million shares of common stock, (plus any unexercised portion of canceled or terminated stock options granted under the DENTSPLY International Inc. 1993 and 1998 Stock Option Plans), subject to adjustment as follows: each January, if 7% of the outstanding common shares of the Company exceed 7.0 million, the excess becomes available for grant under the Plan. The 2002 Plan enables the Company to grant "incentive stock options" ("ISOs") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, to key employees of the Company, and "non-qualified stock options" ("NSOs") which do not constitute ISOs to key employees and non-employee directors of the Company. Grants of options to key employees are solely discretionary with the Board of Directors of the Company. ISOs and NSOs generally expire ten years from date of grant and become exercisable over a period of three years after the date of grant at the rate of one-third per year, except that they become immediately exercisable upon death, disability or retirement. Such options are granted at exercise prices not less than the fair market value of the common stock on the grant date.

Future option grants may only be made under the 2002 Plan, which will include the unexercised portion of canceled or terminated options granted under the 1993 or 1998 Plans. Each non-employee director receives an automatic grant of NSOs to purchase 9,000 shares of common stock on the date he or she becomes a non-employee director and an additional 9,000 options on the third anniversary of the date of the non-employee director was last granted an option.

The following is a summary of the status of the Plans as of December 31, 2003, 2002 and 2001 and changes during the years ending on those dates:

	Outstanding		Exercisable		
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Available for Grant Shares
December 31, 2000	5,792,243	17.85	2,989,478	$ 15.64	3,226,467
Authorized (Lapsed)	-				(83,444)
Granted	1,605,900	30.43			(1,605,900)
Exercised	(497,813)	16.01			-
Expired/Canceled	(167,087)	18.47			167,087
December 31, 2001	6,733,243	20.97	3,732,179	16.76	1,704,210
Authorized (Lapsed)	-				7,023,106
Granted	1,574,550	36.91			(1,574,550)
Exercised	(515,565)	17.33			-
Expired/Canceled	(100,639)	19.08			100,639
December 31, 2002	7,691,589	24.50	4,649,889	18.99	7,253,405
Authorized (Lapsed)	-				177,882
Granted	1,434,300	43.84			(1,434,300)
Exercised	(829,155)	19.30			-
Expired/Canceled	(119,277)	29.38			119,277
December 31, 2003	8,177,457	$ 28.35	5,225,300	$ 22.22	6,116,264

The following table summarizes information about stock options outstanding under the Plans at December 31, 2003:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Number Outstanding at December 31 2003	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable at December 31 2003	Weighted Average Exercise Price
$10.01 - $15.00	528,751	1.4	$ 13.12	528,751	$ 13.12
15.01 - 20.00	2,211,089	5.0	16.44	2,211,089	16.44
20.01 - 25.00	1,166,026	6.8	24.62	1,132,926	24.66
25.01 - 30.00	69,650	7.5	27.94	41,000	27.98
30.01 - 35.00	1,272,412	7.9	31.23	822,662	31.20
35.01 - 40.00	1,570,929	8.9	36.93	488,872	36.97
40.01 - 45.00	1,346,400	9.9	44.26	-	-
45.01 - 50.00	12,200	9.7	45.53	-	-
	8,177,457	7.1	$ 28.35	5,225,300	$ 22.22

The Company uses the Black-Scholes option pricing model to value option awards. The per share weighted average fair value of stock options and the weighted average assumptions used to determine these values are as follows:

	Year Ended December 31,		
	2003	2002	2001
Per share fair value	$ 14.85	$ 12.69	$ 11.47
Expected dividend yield	0.48%	0.50%	0.61%
Risk-free interest rate	3.36%	3.35%	5.01%
Expected volatility	31%	34%	33%
Expected life (years)	5.50	5.50	5.50

The Black-Scholes option pricing model was developed for tradable options with short exercise periods and is therefore not necessarily an accurate measure of the fair value of compensatory stock options.

The rollforward of the common shares and the treasury shares outstanding is as follows:

	Common Shares	Treasury Shares	Outstanding Shares
	(in thousands)		
Balance at December 31, 2000	81,389	(3,971)	77,418
Exercise of stock options	--	500	500
Repurchase of common stock, at cost	--	(38)	(38)
Balance at December 31, 2001	81,389	(3,509)	77,880
Exercise of stock options	--	519	519
Fractional share payouts	(1)	--	(1)
Balance at December 31, 2002	81,388	(2,990)	78,398
Exercise of stock options	--	853	853
Balance at December 31, 2003	81,388	(2,137)	79,251

NOTE 14 - INCOME TAXES

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

	Year Ended December 31,		
	2003	2002	2001
	(in thousands)		
United States ("U.S.")	$113,994	$116,160	$131,010
Foreign	137,202	97,930	48,512
	$251,196	$214,090	$179,522

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

	Year Ended December 31,		
	2003	2002	2001
	(in thousands)		
Current:			
U.S. federal	$ 28,693	$ 47,627	$ 42,159
U.S. state	1,941	2,520	1,331
Foreign	18,298	28,737	11,297
Total	48,932	78,884	54,787
Deferred:			
U.S. federal	12,077	(7,586)	12,854
U.S. state	2,466	(908)	2,359
Foreign	17,868	59	(8,192)
Total	32,411	(8,435)	7,021
	$ 81,343	$ 70,449	$ 61,808

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

	Year Ended December 31,		
	2003	2002	2001
Statutory federal income tax rate	35.0 %	35.0 %	35.0 %
Effect of:			
State income taxes, net of federal benefit	1.1	0.5	1.3
Nondeductible amortization of goodwill	-	-	1.1
Foreign earnings at lower rates than US federal	(4.5)	(2.3)	(2.2)
Foreign tax credit	-	-	(0.8)
Extraterritorial income	(0.9)	(1.1)	(1.0)
Taxes on unremitted earnings of certain foreign subsidiaries	2.5	-	0.1
Other	(0.8)	0.8	0.9
Effective income tax rate on continuing operations	32.4 %	32.9 %	34.4 %

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

	December 31, 2003		December 31, 2002	
	Current Asset (Liability)	Noncurrent Asset (Liability)	Current Asset (Liability)	Noncurrent Asset (Liability)
	(in thousands)			
Employee benefit accruals	$ 2,225	$ 9,053	$ 1,496	$ 9,961
Product warranty accruals	1,155	--	1,012	--
Insurance premium accruals	4,035	--	3,919	--
Commission and bonus accrual	1,526	--	3,156	--
Sales and marketing accrual	1,474	--	2,612	--
Restructuring and other cost accruals	2,947	2,824	7,595	4,352
Differences in financial reporting and tax basis for:				
Inventory	8,467	--	7,838	--
Property, plant and equipment	--	(34,793)	--	(29,272)
Identifiable intangible assets	--	(59,578)	--	(35,086)
Unrealized losses (gains) included in other comprehensive income	--	45,305	--	18,324
Miscellaneous Accruals	12,561	--	10,403	--
Other	3,884	8,455	855	5,515
Discontinued Operations	1,883	4,293	2,633	4,315
Tax loss carryforwards in foreign jurisdictions	--	9,649	--	9,521
Valuation allowance for tax loss carryforwards	--	(9,649)	--	(5,342)
	$ 40,157	$(24,441)	$ 41,519	$(17,712)

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

	December 31,	
	2003	2002
	(in thousands)	
Prepaid expenses and other current assets	$ 41,427	$ 42,096
Income taxes payable	(1,270)	(577)
Other noncurrent assets	26,800	9,327
Deferred income taxes	(51,241)	(27,039)

Certain foreign subsidiaries of the Company have tax loss carryforwards of $30.6 million at December 31, 2003, of which $4.9 million expire through 2011 and $25.7 million may be carried forward indefinitely. The tax benefit of these tax loss carryforwards has been fully offset by a valuation allowance as of December 31, 2003. The valuation allowance of $9.6 million and $5.3 million at December 31, 2003 and 2002, respectively, relates to foreign tax loss carryforwards for which realizability is uncertain. The change in the valuation allowances for 2003 and 2002 results primarily from the generation of additional foreign tax loss carryforwards in excess of loss carryforwards utilized in certain foreign jurisdictions.

The Company has provided for the potential repatriation of certain undistributed earnings of its foreign subsidiaries and considers earnings above the amounts on which tax has been provided to be permanently reinvested. Income taxes have not been provided on $343 million of undistributed earnings of foreign subsidiaries, which will continue to be permanently reinvested. If remitted as dividends, these earnings could become subject to additional tax, however such repatriation is not anticipated.

The pretax income from discontinued operations for the years ended December 31, 2003, 2002 and 2001 was $7.3 million, $6.9 million and $5.6 million, respectively. The income tax expense related to discontinued operations for the years ended December 31, 2003, 2002 and 2001 was $3.0 million, $2.6 million and $1.8 million, respectively.

NOTE 15 - BENEFIT PLANS

Substantially all of the employees of the Company and its subsidiaries are covered by government or Company-sponsored benefit plans. Total costs for Company-sponsored defined benefit, defined contribution and employee stock ownership plans amounted to $13.5 million in 2003, $11.5 million in 2002 and $7.9 million in 2001.

Defined Contribution Plans

The DENTSPLY Employee Stock Ownership Plan ("ESOP") is a non-contributory defined contribution plan that covers substantially all of the United States based non-union employees of the Company. Contributions to the ESOP were $2.2 million for 2003, $2.2 million for 2002 and $2.1 million for 2001. The Company makes annual contributions to the ESOP of not less than the amounts required to service ESOP debt. In connection with the refinancing of ESOP debt in March 1994, the Company agreed to make additional cash contributions totaling at least $0.6 million through 2003. Dividends received by the ESOP on allocated shares are either reinvested in participants' accounts or passed through to Plan participants, at the participant's election. Most ESOP shares were initially pledged as collateral for its debt. As the debt is repaid, shares are released from collateral and allocated to active employees based on the proportion of debt service paid in the year. At December 31, 2003, the ESOP held 7.0 million shares, of which 6.9 million were allocated to plan participants and 0.1 million shares were unallocated and pledged as collateral for the ESOP debt. Unallocated shares were acquired prior to December 31, 1992 and are accounted for in accordance with Statement of Position 76-3. Accordingly, all shares held by the ESOP are considered outstanding and are included in the earnings per common share computations.

The Company sponsors an employee 401(k) savings plan for its United States workforce to which enrolled participants may contribute up to IRS defined limits.

Defined Benefit Plans

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

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

Postretirement Healthcare

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

The Company uses a December 31 measurement date for the majority of it plans. Reconciliations of changes in the above plans' benefit obligations, fair value of assets, and statement of funded status are as follows:

	Pension Benefits		Other Postretirement Benefits	
	December 31,		December 31,	
	2003	2002	2003	2002
	(in thousands)			
Reconciliation of Benefit Obligation				
Benefit obligation at beginning of year	$ 103,711	$ 81,134	$ 10,735	$ 7,877
Service cost	4,137	3,428	235	419
Interest cost	5,358	4,464	726	833
Participant contributions	1,185	972	570	442
Actuarial (gains) losses	(3,561)	2,877	1,165	2,537
Amendments	343	--	--	--
Acquisitions	--	--	--	--
Effects of exchange rate changes	15,248	14,955	--	--
Benefits paid	(3,854)	(4,119)	(1,231)	(1,373)
Benefit obligation at end of year	$ 122,567	$ 103,711	$ 12,200	$ 10,735
Reconciliation of Plan Assets				
Fair value of plan assets at beginning of year	$ 51,238	$ 43,348	$ --	$ --
Actual return on assets	520	(10)	--	--
Acquisitions	--	--	--	--
Effects of exchange rate changes	5,584	7,716	--	--
Employer contributions	5,435	3,331	661	931
Participant contributions	1,185	972	570	442
Benefits paid	(3,854)	(4,119)	(1,231)	(1,373)
Fair value of plan assets at end of year	$ 60,108	$ 51,238	$ --	$ --
Reconciliation of Funded Status				
Actuarial present value of projected benefit obligations	$ 122,567	$ 103,711	$ 12,200	$ 10,735
Plan assets at fair value	60,108	51,238	--	--
Funded status	(62,459)	(52,473)	(12,200)	(10,735)
Unrecognized transition obligation	1,495	1,581	--	--
Unrecognized prior service cost	795	590	3,743	2,998
Unrecognized net actuarial loss (gain)	6,043	7,499	(2,254)	(2,940)
Net amount recognized	$ (54,126)	$ (42,803)	$ (10,711)	$ (10,677)

The amounts recognized in the accompanying Consolidated Balance Sheets are as follows:

	Pension Benefits		Other Postretirement Benefits	
	December 31,		December 31,	
	2003	2002	2003	2002
	(in thousands)			
Other noncurrent liabilities	$ (67,854)	$ (55,063)	$ (10,711)	$ (10,676)
Other noncurrent assets	11,905	10,498	-	-
Accumulated other comprehensive loss	1,823	1,762	-	-
Net amount recognized	$ (54,126)	$ (42,803)	$ (10,711)	$ (10,676)

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

	December 31,	
	2003	2002
	(in thousands)	
Projected benefit obligation	$ 122,569	$ 104,528
Accumulated benefit obligation	116,865	97,304
Fair value of plan assets	60,109	50,973

Components of the net periodic benefit cost for the plans are as follows:

	Pension Benefits			Other Postretirement Benefits		
	2003	2002	2001	2003	2002	2001
	(in thousands)					
Service cost	$ 4,137	$ 3,428	$ 1,877	$ 235	$ 419	$ 205
Interest cost	5,358	4,464	3,548	726	833	539
Expected return on plan assets	(3,018)	(2,706)	(2,525)	--	--	--
Net amortization and deferral	576	445	287	(265)	27	(63)
Net periodic benefit cost	$ 7,053	$ 5,631	$ 3,187	$ 696	$ 1,279	$ 681

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

	Pension Benefits			Other Postretirement Benefits		
	2003	2002	2001	2003	2002	2001
Discount rate	5.0%	5.1%	5.4%	6.0%	6.8%	7.3%
Expected return on plan assets	5.5%	5.5%	5.0%	n/a	n/a	n/a
Rate of compensation increase	3.0%	3.0%	2.5%	n/a	n/a	n/a
Initial health care cost trend	n/a	n/a	n/a	9.5%	10.0%	7.0%
Ultimate health care cost trend	n/a	n/a	n/a	5.0%	5.0%	7.0%
Years until ultimate trend is reached	n/a	n/a	n/a	9.0	10.0	n/a

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

	Pension Benefits			Other Postretirement Benefits		
	2003	2002	2001	2003	2002	2001
Discount rate	5.1%	5.4%	5.7%	6.8%	7.3%	7.0%
Expected return on plan assets	5.5%	5.0%	5.7%	n/a	n/a	n/a
Rate of compensation increase	3.0%	2.5%	3.5%	n/a	n/a	n/a
Initial health care cost trend	n/a	n/a	n/a	10.0%	7.0%	7.0%
Ultimate health care cost trend	n/a	n/a	n/a	5.0%	7.0%	7.0%
Years until ultimate trend is reached	n/a	n/a	n/a	10.0	n/a	n/a

Assumed health care cost trend rates have an impact on the amounts reported for postretirement benefits. A one percentage point change in assumed healthcare cost trend rates would have the following effects for the year ended December 31, 2003:

	Other Postretirement Benefits	
	1% Increase	1% Decrease
	(in thousands)	
Effect on total of service and interest cost components	$ 131	$ (105)
Effect on postretirement benefit obligation	1,416	(1,162)

Plan Assets:

The weighted average asset allocations of the U.S. plans at December 31, 2003 and 2002 by asset category are as follows:

	Target Allocation	December 31, 2003	December 31, 2002
Equity	40%-65%	51%	44%
Debt	35%-60%	47%	53%
Real estate	0%-15%	0%	0%
Other	0%-15%	2%	3%
Total		100%	100%

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

Cash Flows:

The Company expects to contribute $0.7 million to its U.S. defined benefit pension plans and $0.7 million to its other postretirement benefit plan in 2004.

NOTE 16 - RESTRUCTURING AND OTHER COSTS (INCOME)

Restructuring and other costs (income) consists of the following:

	Year Ended December 31, 2003	2002	2001
	(in thousands)		
Restructuring and other costs	$ 4,497	$ 1,669	$ 17,774
Reversal of restructuring charges due to changes in estimates	(797)	(3,687)	(802)
Gain on pension plan termination	--	--	(8,486)
Gain on insurance settlement associated with fire	--	(714)	(5,758)
Costs related to the Oraqix agreement	--	--	2,345
Total restructuring and other costs (income)	$ 3,700	$ (2,732)	$ 5,073

During the fourth quarter of 2003, the Company recorded restructuring and other costs of $4.5 million. These costs were primarily related to impairment charges recorded to certain investments in emerging technologies. The products related to these technologies were abandoned and therefore these assets were no longer viewed as being recoverable. In addition, certain costs were associated with the consolidation of the Company's U.S. laboratory businesses. Included in this charge were severance costs of $0.9 million, lease/contract termination costs of $0.6 million and intangible and other asset impairment charges of $3.0 million. This restructuring plan will result in the elimination of approximately 65 administrative and manufacturing positions primarily in the United States, most of which remain to be eliminated as of December 31, 2003. Certain of these positions will need to be replaced at the consolidated site and therefore the net reduction in positions is expected to be approximately 25. This plan is expected to be complete by December 31, 2004. The major components of these charges and the remaining outstanding balances at December 31, 2003 are as follows:

	2003 Provisions	Amounts Applied 2003	Balance December 31, 2003
Severance	$ 908	$ (49)	$ 859
Lease/contract terminations	562	(410)	152
Other restructuring costs	27	(27)	--
Intangible and other asset impairment charges	3,000	(3,000)	--
	$ 4,497	$(3,486)	$ 1,011

On January 25, 2001, the Company suffered a fire at its Maillefer facility in Switzerland. The fire caused severe damage to a building and to most of the equipment it contained. During the third quarter of 2002, the Company received insurance proceeds for settlement of the damages caused to the building. These proceeds resulted in the Company recognizing a net gain on the damaged building of approximately $0.7 million. The Company also received insurance proceeds on the destroyed equipment during the fourth quarter of 2001 and recorded the related disposal gains of $5.8 million during that period.

During the second quarter of 2002, the Company recorded a charge of $1.7 million for restructuring and other costs. The charge primarily related to the elimination of duplicative functions created as a result of combining the Company's Ceramed and U.S. Friadent divisions. Included in this charge were severance costs of $0.6 million, lease/contract termination costs of $0.9 million and $0.2 million of impairment charges on fixed assets that will be disposed of as a result of the restructuring plan. This restructuring plan resulted in the elimination of approximately 35 administrative and manufacturing positions in the United States and was substantially complete as of December 31, 2002.

As part of combining Austenal with the Company in 2002, $4.4 million of liabilities were established through purchase price accounting for the restructuring of the acquired company's operations, primarily in the United States and Germany. Included in this liability were severance costs of $2.9 million, lease/contract termination costs of $1.4 million and other restructuring costs of $0.1 million. During 2003 the Company reversed a total of $1.1 million, which was recorded to goodwill, as a change in estimate as it determined the costs to complete the plan were lower than originally estimated. This restructuring plan included the elimination of approximately 75 administrative and manufacturing positions in the United States and Germany, 20 of which remain to be eliminated as of December 31, 2003. The Company anticipates that most aspects of this plan will be completed by the first quarter of 2004.

The major components of the 2002 restructuring charges and the amounts recorded through purchase price accounting and the remaining outstanding balances at December 31, 2003 are as follows:

	2002 Provisions	Amounts Recorded Through Purchase Accounting	Amounts Applied 2002	Change in Estimate 2002	Amounts Applied 2003	Change in Estimate Recorded Through Purchase Accounting 2003	Balance December 31, 2003
Severance	$ 541	$ 2,927	$ (530)	$ (164)	$ (988)	$ (878)	$ 908
Lease/contract terminations	895	1,437	(500)	120	(665)	(245)	1,042
Other restructuring costs	38	60	(60)	(36)	--	--	2

Fixed asset impairment charges	195	--	(195)	--	--	--	--
	$ 1,669	$ 4,424	$(1,285)	$ (80)	$(1,653)	$(1,123)	$ 1,952

The Company's subsidiary in the United Kingdom restructured its pension plans in the fourth quarter of 2001, simplifying its structure by consolidating its two separate defined contribution plans into one plan and terminating the other plan. An unallocated surplus of approximately $8.5 million existed in the terminated plan. As a result, these unallocated funds reverted back to the Company.

As discussed in Note 3, the Company agreed in 2001 to a payment of $2.0 million to AstraZeneca related to the submission of the Oraqix product New Drug Application in the U.S. and a Marketing Authorization Application in Europe. Under the terms of the agreement, this payment and related estimated application costs were accrued during the fourth quarter of 2001.

In the fourth quarter of 2001, the Company recorded a charge of $12.3 million for restructuring and other costs. The charge included costs of $6.0 million to restructure the Company's existing operations, primarily in Germany, Japan and Brazil, as a result of the integration with Degussa Dental. Included in this charge were severance costs of $2.1 million, lease/contract termination costs of $1.1 million and other restructuring costs of $0.2 million. In addition, the Company recorded $2.6 million of impairment charges on fixed assets that will be disposed of as a result of the restructuring plan. The remaining charge of $6.3 million involves impairment charges on intangible assets. During 2002 and 2003 the Company reversed a net total of $1.0 million and $0.8 million, respectively, as a change in estimate as it determined the costs to complete the plan were lower than originally estimated. This restructuring plan resulted in the elimination of approximately 160 administrative and manufacturing positions in Germany, Japan and Brazil. As part of these reorganization activities, some of these positions were replaced with lower-cost outsourced services. This plan was substantially complete at December 31, 2003. The impairment charge of $6.3 million includes the impairment of intangible assets related to two acquisitions made in prior periods. One of these acquisitions involved the exclusive patent rights for technology related to cutting teeth in preparation for restoration, which was acquired in September 1996. The other acquisition involved technology related to a line of lotions and creams used to protect the hands from irritants, which was acquired in September 2000. Based on a slowing trend in sales related to the product lines associated with these technologies in 2001, the Company performed impairment evaluations, and as a result, recorded impairment charges of $2.0 million and $4.3 million for the teeth preparation product intangibles and lotion product intangibles, respectively.

In the first quarter of 2001, the Company recorded a charge of $5.5 million related to reorganizing certain functions within Europe, Brazil and North America. The primary objectives of this reorganization were to consolidate duplicative functions and to improve efficiencies within these regions. Included in this charge were severance costs of $3.1 million, lease/contract termination costs of $0.6 million and other restructuring costs of $0.8 million. In addition, the Company recorded $1.0 million of impairment charges on fixed assets that will be disposed of as a result of the restructuring plan. This restructuring plan resulted in the elimination of approximately 310 administrative and manufacturing positions in Brazil and Germany. As part of these reorganization activities, some of these positions were replaced with lower-cost outsourced services. During the first quarter of 2002, this plan was substantially completed and the remaining accrual balances of $1.9 million were reversed as a change in estimate.

As part of combining Friadent and Degussa Dental with the Company in 2001, $14.1 million of liabilities were established through purchase price accounting for the restructuring of the acquired companies' operations in Germany, Brazil, the United States and Japan. Included in this liability were severance costs of $11.9 million, lease/contract termination costs of $1.1 million and other restructuring costs of $1.1 million. During 2003 the Company reversed a total of $3.4 million, which was recorded to goodwill, as a change in estimate as it determined the costs to complete the plan were lower than originally estimated. This restructuring plan resulted in the elimination of approximately 190 administrative and manufacturing positions in Germany, Brazil and the United States. This plan was substantially complete at December 31, 2003.

The major components of the 2001 restructuring charges and the amounts recorded through purchase price accounting and the remaining outstanding balances at December 31, 2003 are as follows:

	2001 Provisions	Amounts Recorded Through Purchase Accounting	Amounts Applied 2001	Amounts Applied 2002	Change in Estimate 2002	Change in Estimate Recorded Through Purchase Accounting 2002	Amounts Applied 2003	Change in Estimate 2003	Change in Estimate Recorded Through Purchase Accounting 2003	Balance December 31, 2003
Severance	$ 5,270	$ 11,929	$ (1,850)	$ (6,257)	$ (655)	$ (174)	$ (985)	$ (816)	$ (2,971)	$ 3,491
Lease/contract terminations	1,682	1,071	(563)	(579)	(721)	203	(291)	-	(50)	752
Other restructuring costs	897	1,062	-	(552)	(759)	458	(175)	19	(375)	575
Fixed asset impairment charges	3,634	-	(3,634)	223	(747)	524	-	-	-	-
Intangible asset impairment charges	6,291	-	(6,291)	-	-	-	-	-	-	-
	$ 17,774	$ 14,062	$ (12,338)	$ (7,165)	$(2,882)	$1,011	$(1,451)	$ (797)	$ (3,396)	$ 4,818

During the fourth quarter 2003, the Company made the decision to discontinue the operations of its dental needle business. The business consists of one manufacturing location which will cease operations by March 31, 2004. As a result of this decision, the Company has recorded a charge of $1.6 million included in income from discontinued operations. Included in this charge were severance costs of $0.4 million, fixed asset impairment charges of $0.5 million, $0.4 million of impairment charges related to goodwill and other restructuring costs of $0.3 million. This plan will result in the elimination of approximately 55 administrative and manufacturing positions in the United States, most of which remain to be eliminated at December 31, 2003. This plan is expected to be substantially completed by March 31, 2004. The major components of these charges and the remaining outstanding balances at December 31, 2003 are as follows:

	2003 Provisions	Amounts Applied 2003	Balance December 31, 2003
Severance	$ 405	$ --	$ 405
Other restructuring costs	300	(300)	--
Fixed asset impairment charges	520	(520)	--
Goodwill impairment charges	360	(360)	--
	$ 1,585	$(1,180)	$ 405

NOTE 17 - FINANCIAL INSTRUMENTS AND DERIVATIVES

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. The Company believes the carrying amounts of cash and cash equivalents, accounts receivable (net of allowance for doubtful accounts), prepaid expenses and other current assets, accounts payable, accrued liabilities, income taxes payable and notes payable approximate fair value due to the short-term nature of these instruments. The Company estimates the fair value of its total long-term debt was $815.8 million versus its carrying value of $811.3 million as of December 31, 2003. The fair value approximated the carrying value since much of the Company's debt is variable rate and reflects current market rates. The fixed rate Eurobonds are effectively converted to variable rate as a result of an interest rate swap and the interest rates on revolving debt and commercial paper are variable and therefore the fair value of these instruments approximates their carrying values. The Company has fixed rate Swiss franc and Japanese yen denominated notes with estimated fair values that differ from their carrying values. At December 31, 2003, the fair value of these instruments was $241.8 million versus their carrying values of $237.4 million. The fair values differ from the carrying values due to lower market interest rates at December 31, 2003 versus the rates at issuance of the notes.

Derivative Instruments and Hedging Activities

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

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

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

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

Cash Flow Hedges

The Company uses interest rate swaps to convert a portion of its variable rate debt to fixed rate debt. As of December 31, 2003, the Company has two groups of significant variable rate to fixed rate interest rate swaps. One of the groups of swaps was entered into in January 2000 and February 2001, has a notional amount totaling 180 million Swiss francs, and effectively converts the underlying variable interest rates on the debt to a fixed rate of 3.3% for a period of approximately four years. The other significant group of swaps entered into in February 2002, has notional amounts totaling 12.6 billion Japanese yen, and effectively converts the underlying variable interest rates to an average fixed rate of 1.6% for a term of ten years. As part of entering into the Japanese yen swaps in February 2002, the Company entered into reverse swap agreements with the same terms to offset 115 million of the 180 million of Swiss franc swaps. Additionally, in the third quarter of 2003, the Company exchanged the remaining portion of the Swiss franc swaps, 65 million Swiss francs, for a forward-starting variable to fixed interest rate swap. Completion of this exchange allowed the Company to pay down debt and the forward-starting interest rate swap locks in the rate of borrowing for future Swiss franc variable rate debt, that will arise upon the maturity of the Company's fixed rate Swiss franc notes in 2005, at 4.2% for a term of seven years.

The Company selectively enters into commodity price swaps to effectively fix certain variable raw material costs. In November 2002, the Company entered into a commodity price swap agreement with notional amounts totaling 300,000 troy ounces of silver bullion to hedge forecasted purchases throughout calendar year 2003. The average fixed rate of this agreement is $4.65 per troy ounce. The Company generally hedges between 33% and 67% of its projected annual silver needs.

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

During 2002 and 2001, the Company recognized net losses of $0.1 million and $0.4 million, respectively, in "Other expense (income), net", which represented the total ineffectiveness of all cash flow hedges. During 2003, the Company recognized gains of $0.1 million offset by losses of $0.1 million due to ineffectiveness of its cash flow hedges.

As of December 31, 2003, $0.3 million of deferred net gains on derivative instruments recorded in "Accumulated other comprehensive gain (loss)" are expected to be reclassified to current earnings during the next twelve months. Transactions and events that are expected to occur over the next twelve months that will necessitate such a reclassification include the sale of inventory that includes previously hedged purchases made in Japanese yen. The maximum term over which the Company is hedging exposures to variability of cash flows (for all forecasted transactions, excluding interest payments on variable-rate debt) is eighteen months.

Fair Value Hedges

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

The Euro 350 million interest rate swap agreement was designated as a fair value hedge of the Euro 350 million in fixed rate debt pursuant to SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133). In accordance with SFAS No. 133, the interest rate swap and underlying Eurobond have been marked-to-market via the income statement. As of December 31, 2003 and 2002, the accumulated fair value of the interest rate swap was $14.1million and $10.9 million, respectively, and was recorded in Other Noncurrent Assets. The notional amount of the underlying Eurobond was increased by a corresponding amount at December 31, 2003 and 2002.

From inception through the first quarter of 2003, the cross-currency element of the integrated transaction was not designated as a hedge and changes in the fair value of the cross-currency element of the integrated transaction were marked-to-market in the income statement, offsetting the impact of the change in exchange rates on the Eurobonds that were also recorded in the income statement. As of December 31, 2003 and 2002, the accumulated fair value of the cross-currency element of the integrated transaction was $56.6 million and $52.3 million, respectively, and was recorded in Other Noncurrent Assets. The notional amount of the underlying Eurobond was increased by a corresponding amount at December 31, 2003 and 2002.See Hedges of Net Investments in Foreign Operations below for further information related to the cross-currency element of the integrated transaction.

Hedges of Net Investments in Foreign Operations

The Company has numerous investments in foreign subsidiaries. The net assets of these subsidiaries are exposed to volatility in currency exchange rates. Currently, the Company uses both non-derivative financial instruments, including foreign currency denominated debt held at the parent company level and long-term intercompany loans, for which settlement is not planned or anticipated in the foreseeable future 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.

At December 31, 2003 and 2002, the Company had Swiss franc-denominated and Japanese yen-denominated debt (at the parent company level) to hedge the currency exposure related to a designated portion of the net assets of its Swiss and Japanese subsidiaries. At December 31, 2003, the Company also had Euro-denominated debt designated as a hedge of a designated portion of the net assets of its European subsidiaries, due to the change in the cross-currency element of the integrated transaction discussed below. At December 31, 2003 and 2002, the accumulated translation losses related to foreign currency denominated-debt included in Accumulated Other Comprehensive income (loss) were $83.5 million and $26.4 million, respectively.

In the first quarter of 2003, the Company amended the cross-currency element of the integrated transaction to realize the $ 51.8 million of accumulated value of the cross-currency swap. The amendment eliminated the final payment (at a fixed rate of $.90) of $315 million by the Company in exchange for the final payment of Euro 350 million by the counterparty in return for the counterparty paying the Company LIBOR plus 4.29% for the remaining term of the agreement or approximately $14.0 million on an annual basis. Other cash flows associated with the cross-currency element of the integrated transaction, including the Company's obligation to pay on $315 million LIBOR plus approximately 1.34% and the counterparty's obligation to pay on Euro 350 million LIBOR plus approximately 1.47%, remained unchanged by the amendment. Additionally, the cross-currency element of the integrated transaction continue to be marked-to-market.

No gain or loss was recognized upon the amendment of the cross currency element of the integrated transaction, as the interest rate of LIBOR plus 4.29% was established to ensure that the fair value of the cash flow streams before and after amendment were equivalent.

Since, as a result of the amendment, the Company became economically exposed to the impact of exchange rates on the final principal payment on the Euro 350 million Eurobonds, the Company designated the Euro 350 million Eurobonds as a hedge of net investment, on the date of the amendment. Since March 2003, the effect of currency on the Euro 350 million Eurobonds of $ 35.2 million has been recorded as part of Accumulated Other Comprehensive income (loss).

Other

As of December 31, 2003, the Company had recorded assets representing the fair value of derivative instruments of $8.4 million in "Prepaid expenses and other current assets" and $62.5 million in "Other noncurrent assets" on the balance sheet and liabilities representing the fair value of derivative instruments of $1.8 million in "Accrued liabilities" and $5.8 million in "Other noncurrent liabilities".

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

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Leases

The Company leases automobiles and machinery and equipment and certain office, warehouse, and manufacturing facilities under non-cancelable operating leases. These leases generally require the Company to pay insurance, taxes and other expenses related to the leased property. Total rental expense for all operating leases was $20.7 million for 2003, $17.4 million for 2002, and $12.0 million for 2001.

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

2004	$ 18,115
2005	11,778
2006	7,855
2007	4,420
2008	2,965
2009 and thereafter	6,830
	$ 51,963

Litigation

DENTSPLY and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company believes it is remote that pending litigation to which DENTSPLY is a party will have a material adverse effect upon its consolidated financial position or results of operations.

In June 1995, the Antitrust Division of the United States Department of Justice initiated an antitrust investigation regarding the policies and conduct undertaken by the Company's Trubyte Division with respect to the distribution of artificial teeth and related products. On January 5, 1999 the Department of Justice filed a Complaint against the Company in the U.S. District Court in Wilmington, Delaware alleging that the Company's tooth distribution practices violate the antitrust laws and seeking an order for the Company to discontinue its practices. The trial in the government's case was held in April and May 2002. On August 14, 2003, the Judge entered a decision that the Company's tooth distribution practices do not violate the antitrust laws. On October 14, 2003, the Department of Justice appealed this decision to the U.S. Third Circuit Court of Appeals. The parties are proceeding under the briefing schedule issued by the Third Circuit.

Subsequent to the filing of the Department of Justice Complaint in 1999, several private party class actions were filed based on allegations similar to those in the Department of Justice case, on behalf of laboratories, and denture patients in seventeen states who purchased Trubyte teeth or products containing Trubyte teeth. These cases were transferred to the U.S. District Court in Wilmington, Delaware. The private party suits seek damages in an unspecified amount. The Court has granted the Company's Motion on the lack of standing of the laboratory and patient class actions to pursue damage claims. The Plaintiffs in the laboratory case have filed a petition with the Third Circuit to hear an interlocutory appeal of this decision. Also, private party class actions on behalf of indirect purchasers were filed in California and Florida state courts. The California and Florida cases have been dismissed by the Plaintiffs following the decision by the Federal District Court Judge issued in August 2003.

On March 27, 2002, a Complaint was filed in Alameda County, California (which was transferred to Los Angeles County) by Bruce Glover, D.D.S. alleging, inter alia, breach of express and implied warranties, fraud, unfair trade practices and negligent misrepresentation in the Company's manufacture and sale of Advance(R) cement. The Complaint seeks damages in an unspecified amount for costs incurred in repairing dental work in which the Advance(R) product allegedly failed. In September 2003, the Plaintiff filed a Motion for class certification, which the Company opposed. Oral arguments were held in December 2003, and in January, 2004, the Judge entered an Order granting class certification only on the claims of breach of warranty and fraud. In general, the Class is defined as California dentists who purchased and used Advance(R) cement and were required, because of failures of Advance(R), to repair or reperform dental procedures. The Company has filed a Writ of Mandate in the appellate court seeking reversal of the class certification. The Advance(R) cement product was sold from 1994 through 2000 and total sales in the United States during that period were approximately $5.2 million.

Other

The Company has no material non-cancelable purchase commitments.

The Company has employment agreements with its executive officers. These agreements generally provide for salary continuation for a specified number of months under certain circumstances. If all of the employees under contract were to be terminated by the Company without cause (as defined in the agreements), the Company's liability would be approximately $11.4 million at December 31, 2003.

Noncurrent Income Taxes Payable, included as part of Other Noncurrent Liabilities (Note 12), represent accruals for tax contingencies, the majority of which are attributable to acquired companies. These reserves were established at the time of purchase to provide for the adverse outcome of tax proceedings related to pre-acquisition periods. The Company is subject to ongoing tax examinations and assessments in various jurisdictions. Accordingly, the Company may record incremental tax expense or reductions of excess purchase price based on the outcome of such matters. The change from 2002 to 2003 of $22.1 million is primarily related the reversal of preacquisition tax contingencies as discussed in Note 9.

NOTE 19 - ACCOUNTING CHARGES AND RESERVE REVERSALS

In the first and second quarters of 2003, the Company recorded pretax charges of $4.1 million and $5.5 million, respectively, related primarily to adjustments to inventory, accounts receivable, and prepaid expense accounts at one division in the United States and two international subsidiaries. All of these operating units had been involved in integrating one or more of the acquisitions completed in 2001. Of the $9.6 million in total pretax charges recorded in the first and second quarters of 2003, $2.4 million were determined to be properly recorded as changes in estimate, $0.4 million were determined to be errors between the first and second quarters of 2003, and the remaining $6.8 million ($4.6 million after tax) were determined to be errors relating in prior periods ("Charge Errors"). The Charge Errors included $3.0 million related to inaccurate reconciliations and valuation of inventory, $2.0 million related to inaccurate reconciliations and valuation of accounts receivable, $1.3 million related to unrecoverable prepaid expenses and $0.5 million related to other accounts. Had the Charge Errors been recorded in the proper period, net income as reported would have been decreased by $0.6 million ($0.01 per diluted share) in 2001 and $4.0 million ($0.05 per diluted share) in 2002. Recording the effect of the Charge Errors in 2003 reduced net income by $4.6 million ($0.06 per diluted share).

In addition to the aforementioned, in the first and second quarters of 2003, the Company determined that $4.8 million in reserves reversed in 2003 and $4.1 million of reserves reversed in 2001 and 2002 should have been reversed in earlier years or had been erroneously established ("Reserve Errors). The Reserve Errors occurred in 2000 through 2002 and related primarily to asset valuation accounts and accrued liabilities, including (on a pre-tax basis) $5.1 million related to product return provisions, $1.1 million related to bonus accruals, $0.8 million related to product warranties, $0.7 million related to inventory valuation and $1.2 million related to other accounts. Had the Reserve Errors been recorded in the proper period, they would have increased net income as reported by $0.8 million ($0.01 per diluted share) in 2000, $1.8 million ($0.02 per diluted share) in 2001 and $0.7 million ($0.01 per diluted share) in 2002. Recording the effect of the Reserve Errors in 2003 increased net income by $3.3 million ($0.04 per diluted share).

The above described charges (including the $2.4 million changes in estimates) and Reserve Errors amounted to $19.9 million (pre-tax) on an absolute basis and occurred from 2000 through the second quarter of 2003. Included in this total, are $2.0 million of Reserve Errors and $0.4 million of Charge Errors that originated and reversed in different quarters of same year. In the aggregate, had the Charge Errors and Reserve Errors described above been recorded in the proper period, reported net income would have increased by $0.8 million ($0.01 per diluted share) in 2000, $1.2 million ($0.02 per diluted share) in 2001 and decreased by $3.4 million ($0.04 per diluted share) in 2002. The effect of recording the Reserve Errors and Charge Errors in 2003 reduced net income by $1.3 million ($0.02 per diluted share).

The Company performed an analysis of the Charge Errors and Reserve Errors on both a qualitative and quantitative basis and concluded that the errors were not material to the results of operations and financial position of the Company for the years ended December 31, 2000, 2001, 2002 and 2003. Accordingly, prior period financial statements have not been restated.

NOTE 20 - QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
	(in thousands, except per share amounts)				
2003					
Net sales	$371,236	$394,478	$375,503	$429,708	$1,570,925
Gross profit	182,762	198,075	183,801	208,563	773,201
Operating income	60,524	69,840	63,781	73,838	267,983
Income from continuing operations	37,439	43,450	40,287	48,677	169,853
Income from discontinued operations	828	768	1,027	1,707	4,330
Net income	$ 38,267	$ 44,218	$ 41,314	$ 50,384	$ 174,183
Earnings per common share - basic					
Continuing operations	$ 0.48	$ 0.55	$ 0.51	$ 0.62	$ 2.16
Discontinued operations	0.01	0.01	0.01	0.02	0.05
Total earnings per common share - basic	$ 0.49	$ 0.56	$ 0.52	$ 0.64	$ 2.21
Earnings per common share - diluted					
Continuing operations	$ 0.47	$ 0.54	$ 0.50	$ 0.60	$ 2.11
Discontinued operations	0.01	0.01	0.01	0.02	0.05
Total earnings per common share - diluted	$ 0.48	$ 0.55	$ 0.51	$ 0.62	$ 2.16
Cash dividends declared per common share	$ 0.046	$ 0.046	$0.0525	$0.0525	$ 0.197
2002					
Net sales	$331,650	$361,601	$340,301	$384,048	$1,417,600
Gross profit	163,169	178,654	171,239	191,349	704,411
Operating income	55,715	62,945	59,539	71,253	249,452
Income from continuing operations	32,148	35,810	34,900	40,783	143,641
Income from discontinued operations	948	1,010	866	1,487	4,311
Net income	$ 33,096	$ 36,820	$ 35,766	$ 42,270	$ 147,952
Earnings per common share - basic					
Continuing operations	$ 0.41	$ 0.46	$ 0.45	$ 0.52	$ 1.84
Discontinued operations	0.01	0.01	0.01	0.02	0.05
Total earnings per common share - basic	$ 0.42	$ 0.47	$ 0.46	$ 0.54	$ 1.89
Earnings per common share - diluted					
Continuing operations	$ 0.40	$ 0.45	$ 0.44	$ 0.51	$ 1.80
Discontinued operations	0.01	0.01	0.01	0.02	0.05
Total earnings per common share - diluted	$ 0.41	$ 0.46	$ 0.45	$ 0.53	$ 1.85
Cash dividends declared per common share	$ 0.046	$ 0.046	$ 0.046	$ 0.046	$ 0.184

As described in Note 19, the Company recorded pre-tax charges of $4.1 million and $5.5 million in the first and second quarters of 2003, respectively.; Of these amounts, $3.3 million and $3.5 million, respectively, were determined to be errors related primarily to prior years and $0.8 million and $1.6 million, respectively, were determined to be changes in estimates. In addition $0.4 of charges recognized in the second quarter of 2003, should have been recognized in the first quarter of 2003 Also in the first and second quarters of 2003, the Company reversed $2.4 million and $4.4 million, respectively, of certain reserves that should have been reversed in earlier periods or had been erroneously established, including $2.0 million of reserves reversed in the second quarter of 2003 that should have been reversed in the first quarter of 2003. If the above described errors had been recorded in the proper periods, net income would have been higher by $1.7 million ($0.02 per diluted share) in the first quarter of 2003 and lower by $0.4 million (less than $0.01 per diluted share) in the second quarter of 2003.

Of the above described charge errors, $6.0 million should have been recorded as an expense in 2002. Of this amount, $2.1 million (pre-tax) is related to physical inventory-related issues at one of the Company's operations in the United States. While the Company has concluded that the inventory issues arose in 2002, due to the nature of the issues, the Company is unable to allocate the $2.1 million to any interim period within 2002. If the remaining $3.9 million of pre-tax charge errors ($2.6 million after-tax) had been recorded in the appropriate interim periods, net income would have decreased by $0.4 million (less than $0.01 per diluted share) in the first quarter of 2002, $1.1 million ($0.01 per diluted share) in the second quarter of 2002, $0.3 million (less than $0.01 per diluted share) in the third quarter of 2002 and $0.8 million ($0.01 per diluted share) in the fourth quarter of 2002.

Of the above described reserve errors, $1.0 million pre-tax, should have been recorded as a reduction of expense in 2002, net of the impact of reserves that reversed in error in 2002. If these reserves and reversals had been recorded in the appropriate interim periods net income would have decreased by $0.3 million (less than $0.01 per diluted share) in the first quarter of 2002, increased by $0.6 million ($0.01 per diluted share) in the second quarter of 2002, decreased by $0.6 million ($0.01 per diluted share) in the third quarter of 2002, and increased by $1.0 million ($0.01 per diluted share) in the fourth quarter of 2002.

Supplemental Stock Information

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

	Market Range of Common Stock		Period-end Closing	Cash Dividend
	High	Low	Price	Declared
2003				
First Quarter	$ 37.95	$ 32.10	$ 34.79	$0.04600
Second Quarter	41.10	32.35	40.96	0.04600
Third Quarter	47.05	40.41	44.84	0.05250
Fourth Quarter	47.40	41.85	45.17	0.05250
2002				
First Quarter	$ 37.93	$ 31.60	$ 37.06	$0.04600
Second Quarter	40.95	35.25	36.91	0.04600
Third Quarter	43.50	31.25	40.17	0.04600
Fourth Quarter	43.10	31.89	37.20	0.04600
2001				
First Quarter	$ 26.67	$ 21.67	$ 24.33	$0.04583
Second Quarter	31.07	23.33	29.57	0.04583
Third Quarter	31.63	26.01	30.63	0.04583
Fourth Quarter	34.69	28.62	33.47	0.04584

All amounts reflect the 3-for-2 stock split effective January 31, 2002.

The Company estimates, based on information supplied by its transfer agent, that there are approximately 26,700 holders of common stock, including 493 holders of record.

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/ Gerald K. Kunkle, Jr.

Gerald K. Kunkle, Jr.
Vice 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/ John C. Miles II — March 15, 2004
John C. Miles II — Date

Chairman of the Board and a Director

/s/ Gerald K. Kunkle, Jr. — March 15, 2004
Gerald K. Kunkle, Jr. — Date
Vice Chairman of the Board and
Chief Executive Officer and a Director
(Principal Executive Officer)

/s/ Bret W. Wise — March 15, 2004
Bret W. Wise — Date
Senior Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

/s/ Dr. Michael C. Alfano — March 15, 2004
Dr. Michael C. Alfano — Date
Director

/s/ Paula H. Cholmondeley — March 15, 2004
Paula H. Cholmondeley — Date
Director

/s/ Michael J. Coleman — March 15, 2004
Michael J. Coleman — Date
Director

/s/ William F. Hecht — March 15, 2004
William F. Hecht — Date
Director

/s/ Leslie A. Jones — March 15, 2004
Leslie A. Jones — Date
Director

/s/ Betty Jane Scheihing — March 15, 2004
Betty Jane Scheihing — Date
Director

/s/Edgar H. Schollmaier — March 15, 2004
Edgar H. Schollmaier — Date
Director

/s/ W. Keith Smith — March 15, 2004
W. Keith Smith — Date
Director

==========

AMENDMENT NO. 4 TO

FACILITY A 364-DAY COMPETITIVE ADVANCE,
REVOLVING CREDIT AND GUARANTY AGREEMENT

dated as of

May 23, 2003

among

DENTSPLY INTERNATIONAL INC., as Borrower,

THE GUARANTORS NAMED HEREIN,

THE BANKS NAMED HEREIN,

ABN AMRO BANK N.V., as Administrative Agent

and

CITIBANK, N.A., as Syndication Agent

FLEET NATIONAL BANK,

HARRIS TRUST AND SAVINGS BANK,
and

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Co-Documentation Agents

==========

AMENDMENT NO. 4 TO FACILITY A
364-DAY COMPETITIVE ADVANCE, REVOLVING CREDIT AND GUARANTY AGREEMENT

THIS AMENDMENT NO. 4 (this "Amendment") is dated as of May 23, 2003, and amends the Facility A 364-Day Competitive Advance, Revolving Credit and Guaranty Agreement, dated as of May 25, 2001, by and among DENTSPLY INTERNATIONAL INC. (the "Borrower"), the Guarantors (as such term is defined therein) from time to time party thereto, the Banks (as such term is defined therein) from time to time party thereto, ABN AMRO BANK N.V., as administrative agent (the "Agent"), and the other agents party thereto, as amended by Amendment No. 1 to Facility A 364-Day Competitive Advance, Revolving Credit and Guaranty Agreement dated as of May 25, 2001, Amendment No. 2 to Facility A 364-Day Competitive Advance, Revolving Credit and Guaranty Agreement dated as of August 30, 2001, and Amendment No. 3 to Facility A 364-Day Competitive Advance, Revolving Credit and Guaranty Agreement dated as of May 24, 2002 (the "Facility A Credit Agreement").

BACKGROUND

The parties hereto desire to amend the Facility A Credit Agreement to extend the maturity date as permitted by Section 2.12(e) of the Facility A Credit Agreement, as more fully set forth below.

OPERATIVE PROVISIONS

NOW THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements herein contained, incorporating the above-defined terms herein and intending to be legally bound hereby agree as follows:

Article I
Amendment

1.01. Defined Terms; References. Terms not otherwise defined in this Amendment (including in the Background section

above) shall have the respective meanings ascribed to them in the Facility A Credit Agreement. Each reference to "hereof," "hereunder," "herein," and "hereby" and similar references contained in the Facility A Credit Agreement and each reference to "this Agreement" and similar references contained in the Facility A Credit Agreement shall, on and after the date hereof, refer to the Facility A Credit Agreement as amended hereby.

1.02. Maturity Date. The Maturity Date is hereby extended for an additional 364 days in accordance with Section 2.12(e) of the Facility A Credit Agreement and the definition of "Maturity Date" set forth in Section 1.01 of the Facility A Credit Agreement is hereby amended and restated in its entirety to read as follows:

> "Maturity Date" shall mean May 21, 2004 or such other Maturity Date then in effect pursuant to Section 2.12(e).

1.03. Applicable Percentage. The table set forth in the definition of "Applicable Percentage" in Section 1.01 of the Facility A Credit Agreement is hereby deleted and replaced with the following:

Debt Rating: S&P and Moody's Respectively	Facility Fee: Applicable Percentage	LIBOR: Applicable Percentage	Usage Fee: Applicable Percentage
A or above, or A2 or above	8.0	32.0	10.0
A- or A3	10.0	40.0	12.5
BBB+ or Baa1	12.5	50.0	12.5
BBB or Baa2	15.0	60.0	15.0
BBB- or Baa3	25.0	75.0	25.0
BB+ or Ba1	35.0	115.0	25.0
BB or below or unrated, or Ba2 or below or unrated	50.0	175.0	25.0

1.04.Commitments. Schedule 2.01 of the Facility A Credit Agreement is hereby deleted in its entirety and is replaced with Schedule 2.01 hereto.

1.05.Fees. On or before 5:00 p.m. (New York City time) on May 23, 2003, and as a condition to the effectiveness of this Amendment, Borrower shall pay in immediately available funds to each Bank that executes this Amendment, an amount equal to one twentieth of one percent 0.05% or 5 basis points) of the amount of such Bank's Commitment as set forth on Schedule 2.01 hereto.

1.06.Agents. As of the effective date of this Amendment, the agents are ABN AMRO Bank N.V., as administrative agent, Citibank, N.A., as syndication agent, and Fleet National Bank, Harris Trust and Savings Bank, and Wachovia Bank, National Association, as co-documentation agents.

Article II
Representations and Warranties

As of the date hereof, each of the Borrower and each of the Guarantors, jointly and severally, represent and warrant to the Agent and each of the Banks as follows:

2.01. The execution and delivery by the Borrower and the Guarantors of this Amendment, the consummation by the Borrower and the Guarantors of the transactions contemplated by the Credit Agreement as amended hereby, and the performance by each of the Borrower and each Guarantor of its respective obligations hereunder and thereunder have been duly authorized by all necessary corporate proceedings on the part of the Borrower and each Guarantor. On the date of Borrower's execution hereof, there are no set-offs, claims, defenses, counterclaims, causes of action, or deductions of any nature against any of the Obligations.

2.02. This Amendment has been duly and validly executed and delivered by the Borrower and each Guarantor and constitutes, and the Credit Agreement as amended hereby constitutes, the legal, valid and binding obligations of the Borrower and each Guarantor enforceable in accordance with the terms hereof and thereof, except as the enforceability of this Amendment or the Credit Agreement as amended hereby may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

2.03. Neither the execution and delivery of this Amendment nor consummation of the transactions contemplated hereby or by the Credit Agreement as amended hereby nor compliance with the terms and provisions hereof or of the Credit Agreement as amended hereby, by the Borrower or any Guarantor, will (a) violate any Law, (b) conflict with or result in a breach of or a default under the articles or certificate of incorporation or bylaws or similar organizational documents of the Borrower or any Guarantor or any material agreement or instrument to which the Borrower or any Guarantor is a party or by which the Borrower or any Guarantor or any of their respective properties (now owned or hereafter acquired) may be subject or bound, (c) require any consent or approval of any Person or require a mandatory prepayment or any other payment under the terms of any material agreement or instrument to which the Borrower or any Guarantor is a party or by which the Borrower or any Guarantor or any of their respective properties (now owned or hereafter acquired) may be subject or bound, (d) result in the creation or imposition of any Lien upon any property (now owned or hereafter acquired) of the Borrower or any Guarantor, or (e) require any authorization, consent, approval, license, permit, exemption or other action by, or any registration, qualification, designation, declaration or filing with, any Governmental Authority.

2.04. After giving effect to this Amendment: (i) no Event of Default under and as defined in the Facility A Credit Agreement and, to the knowledge of the Borrower and the Guarantors, no event which upon notice or lapse of time or both would constitute such an Event of Default has occurred and is continuing, and (ii) the representations and warranties of each of Borrower and each of the Guarantors contained in the Facility A Credit Agreement and the other Fundamental Documents are true and correct on and as of the date hereof with the same force and effect as though made on such date, except to the extent that any such representation or warranty expressly relates solely to a previous date.

Article III
Effect, Effectiveness, Consent of Guarantors

3.01. Effectiveness. Upon (i) Borrower's payment and performance of all obligations in connection herewith, (ii) Agent's receipt from each of the Banks (other than the Non-Extending Banks), the Borrower, and the Guarantors of a counterpart hereof signed by such party or facsimile or other written confirmation (in form satisfactory to Agent) that such party has signed a counterpart hereof, (iii) Agent's receipt of a certificate signed by the Secretary or Assistant Secretary of each Borrower and Guarantor certifying that the articles of incorporation, bylaws, resolutions, specimen signatures and incumbency of officers previously delivered by such Borrower or Guarantor to the Agent in connection with the Facility A Credit Agreement remain in effect and have not been amended and are effective to authorize such Person's execution, delivery, and performance of this Amendment, provided that, to the extent such articles of incorporation, bylaws, resolutions, or incumbency are no longer in effect or have been amended, such certificate shall certify as to the changes thereto, this Amendment shall be effective as of the date hereof, and (iv) an opinion of counsel with respect to the enforceability of, and the due authorization and capacity of the Borrower and each of the Guarantors to execute, deliver and perform, this Amendment.

3.02. Amendment. The Facility A Credit Agreement is hereby amended in accordance with the terms hereof, and this Amendment and the Facility A Credit Agreement shall hereafter be one agreement and any reference to the Facility A Credit Agreement in any document, instrument, or agreement shall hereafter mean and include the Facility A Credit Agreement as amended hereby. In the event of irreconcilable inconsistency between the terms or provisions hereof and the terms or provisions of the Facility A Credit Agreement, the terms and provisions hereof shall control.

3.03. Joinder of Guarantors. Each of the Guarantors hereby joins in this Amendment to evidence its consent hereto, and each Guarantor hereby reaffirms its obligations set forth in the Facility A Credit Agreement, as hereby amended, and in each other Fundamental Document given by it in connection therewith.

Article IV
Miscellaneous

4.01. Facility A Credit Agreement. Except as specifically amended by the provisions hereof, the Facility A Credit Agreement and all other Fundamental Documents shall remain in full force and effect and are hereby ratified and confirmed by the parties hereto.

4.02. Counterparts, Telecopy Signatures. This Amendment may be signed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; and, delivery of executed signature pages hereof by telecopy transmission from one party to another shall constitute effective and binding execution and delivery respectively of this Amendment by such party.

4.03. Governing Law. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of New York without regard to its conflict of laws principles.

4.04. Expenses. Each of the Borrower and each of the Guarantors agree, jointly and severally, to reimburse the Agent for its reasonable out-of-pocket expenses arising in connection with the negotiation, preparation and execution of this Amendment, including the reasonable fees and expenses of Buchanan Ingersoll PC, counsel for the Agent.

4.05. Severability. If any provision of this Amendment, or the application thereof to any party hereto, shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions or applications of this Amendment which can be given effect without the invalid and unenforceable provision or application, and to this end the parties hereto agree that the provisions of this Amendment are and shall be severable.

4.06. Banks' Consent. Each Bank, by its execution hereof, hereby consents to this Amendment pursuant Section 10.02 of the Facility A Credit Agreement.

[SIGNATURE PAGES FOLLOW]

[SIGNATURE PAGE 1 OF 15 TO AMENDMENT NO. 4 TO 364-DAY CREDIT FACILITY]

IN WITNESS WHEREOF, the parties hereto, have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

[BORROWER:]

DENTSPLY INTERNATIONAL INC., a Delaware corporation

By:
Name:
Title:

[GUARANTORS:]

CERAMCO INC., a Delaware corporation

By:
Name:
Title:

CERAMCO MANUFACTURING CO., a Delaware corporation

By:
Name:
Title:

G.A.C. INTERNATIONAL, INC., a New York corporation

By:
Name:
Title:

RANSOM & RANDOLPH COMPANY, a Delaware corporation

By:
Name:
Title:

TULSA DENTAL PRODUCTS INC., a Delaware corporation

By:
Name:
Title:

AUSTENAL, INC., an Illinois corporation

By:
Name:
Title:

[SIGNATURE PAGE 3 OF 15 TO AMENDMENT NO. 4 TO 364-DAY CREDIT FACILITY]

DENTSPLY FINANCE CO., a Delaware corporation

By:
Name:
Title:

DENTSPLY RESEARCH & DEVELOPMENT CORP., a Delaware corporation

By:
Name:
Title:

[BANKS:]

ABN AMRO BANK N.V., individually
and as Administrative Agent for the
Banks

By:
Name:
Title:

By:
Name:
Title:

CITIBANK, N.A., individually and as
Syndication Agent for the Banks

By:
Name:
Title:

FLEET NATIONAL BANK, individually
and as Co-Documentation Agent for
the Banks

By:
Name:
Title:

HARRIS TRUST AND SAVINGS BANK,
individually and as
Co-Documentation Agent for the
Banks

By:
Name:
Title:

WACHOVIA BANK, NATIONAL
ASSOCIATION, individually and as
Co-Documentation Agent for the Banks

By:
Name:
Title:

[SIGNATURE PAGE 9 OF 15 TO AMENDMENT NO. 4 TO 364-DAY CREDIT FACILITY]

ALLFIRST BANK

By:
Name:
Title:

[SIGNATURE PAGE 10 OF 15 TO AMENDMENT NO. 4 TO 364-DAY CREDIT FACILITY]

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By:
Name:
Title:

[SIGNATURE PAGE 11 OF 15 TO AMENDMENT NO. 4 TO 364-DAY CREDIT FACILITY]

DRESDNER BANK AG IN FRANKFURT AM MAIN

By:
Name:
Title:

By:
Name:
Title:

[SIGNATURE PAGE 12 OF 15 TO AMENDMENT NO. 4 TO 364-DAY CREDIT FACILITY]

JPMORGAN CHASE BANK

By:
Name:
Title:

[SIGNATURE PAGE 13 OF 15 TO AMENDMENT NO. 4 TO 364-DAY CREDIT FACILITY]

FIFTH THIRD BANK

By:
Name:
Title:

[SIGNATURE PAGE 14 OF 15 TO AMENDMENT NO. 4 TO 364-DAY CREDIT FACILITY]

NATIONAL CITY BANK

By:
Name:
Title:

[SIGNATURE PAGE 15 OF 15 TO AMENDMENT NO. 4 TO 364-DAY CREDIT FACILITY]

UBS AG, STAMFORD BRANCH

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE 2.01

TO FACILITY A CREDIT AGREEMENT (364-DAY)

Part 1 - Commitments of Banks and Addresses for Notices to Banks

Bank	Amount of Commitment	Ratable Share
Name: ABN AMRO Bank N.V.	$30,000,000	12.00%

Address for Notices:
55 East 52nd Street
New York, NY 10055
Attn: Todd Miller
Telephone:(212) 409-7046
Telecopy:(212) 409-1641
- ----------

Copy to:
208 S. LaSalle Street, Suite 1500
Chicago, IL 60604-1003
Attn: Nemesia Esangga, Agency Services
Telephone:(312) 992-5082
Telecopy:(312) 992-5157

With a copy to:
Attn: Suzanne Smith, Agency Services
Telephone: (312) 992-5095
Telecopy: (312) 992-5157

With a copy to:
Attn: Dominic Blea, Credit Administration
Telephone: (312) 992-5196
Telecopy: (312) 992-5111

Address of Lending Office:
208 S. LaSalle Street, Suite 1500
Chicago, IL 60604-1003
Attn: Nemesia Esangga, Agency Services
Telephone:(312) 992-5082
Telecopy:(312) 992-5157

Name:
Citibank, N.A. $30,000,000 12.00%

Address for Notices:
388 Greenwich Street, 23rd Floor
New York, NY 10013
Attn: Stuart G. Miller
Telephone:(212) 816-5414
Telecopy:(212) 816-5402

Address of Lending Office:
Same as Notices
Name:
Fleet National Bank $25,000,000 10.00%

Address for Notices:
502 Carnegie Center
Princeton, NJ 08540
Attn: Peter J. Cahill
Telephone:(609) 627-7810
Telecopy:(609) 799-9262

Address of Lending Office:
Same as Notices
Name:
Harris Trust and Savings Bank $25,000,000 10.00%

Address for Notices:

111 W. Monroe Street
Chicago, IL 60603
Attn: Jeffrey C. Nicholson
Telephone:(312) 461-2736
Telecopy:(312) 461-5225

Address of Lending Office:
Same as Notices

Name:
Wachovia Bank, National Association $25,000,000 10.00%

Address for Notices:
1339 Chestnut Street, 12th Floor
Philadelphia, PA 19107
Attn: Jeanette Griffin
Telephone:(267) 321-6615
Telecopy:(267) 321-6702

Address of Lending Office:
3 Bishopsgate, London EC2N 3AB
United Kingdom
Attn: Matthew Vickers
Telephone:011 44 0 207 962 2868
Telecopy:011 44 0 207 929 4645

Name:
Allfirst Bank $20,000,000 8.00%

Address for Notices:
2055 South Queen Street, MC 182-02-01
York, PA 17403
Attn: Theodore K. Oswald
Telephone:(717) 771-4904
Telecopy:(717) 771-4914

Address of Lending Office:
Same as Notices

Name:
Bank of Tokyo-Mitsubishi Trust Company $20,000,000 8.00%

Address for Notices:
1251 Avenue of the Americas, 12th Floor
New York, NY 10020-1104
Attn: Heather Zimmermann
Telephone:(212) 782-4220
Telecopy:(212) 782-6440

Address of Lending Office:
Same as Notices

Name:
Dresdner Bank AG in Frankfurt am Main $20,000,000 8.00%

Address for Notices:
Gallusanlage 2, 3. OG, Fach 6
D - 60613 Frankfurt
Germany
Attn: Rainer Bleek
Telephone:011 49 (69) 263 12876
Telecopy:011 49 (69) 263 12878

Address of Lending Office:
Gallusanlage 2, 3. OG
D - 60613 Frankfurt
Germany
Attn: Juergen Schecke
Telephone:011 49 (69) 263 12879
Telecopy:011 49 (69) 263 12878

Name:
JPMorgan Chase Bank $20,000,000 8.00%

Address for Notices:
One Riverfront Plaza, 2nd Floor
Newark, NJ 07102
Attn: Sherry Misiak
Telephone:(973) 353-6170
Telecopy:(973) 353-6158

Address of Lending Office:
Same as Notices

Name:
Fifth Third Bank $12,500,000 5.00%

Address for Notices:
38 Fountain Square, MD 109054
Cincinnati, OH 45263
Attn: Christine L. Wagner
Telephone:(513) 744-7348
Telecopy:(513) 744-5947

Address of Lending Office:
Same as Notices

Name:
National City Bank $12,500,000 5.00%

Address for Notices:
==========
Attn: _____
Telephone:_____
Telecopy:_____

Address of Lending Office:
Same as Notices

Name:
UBS AG, Stamford Branch $10,000,000 4.00%

Address for Notices:
677 Washington Blvd., 6th Floor South
Stamford, CT 06901
Attn: Susan Brunner
Telephone:(203) 719-4181
Telecopy:(203) 719-4176

Address of Lending Office:
Same as Notices

Total
$250,000,000 100.00%

SCHEDULE 2.01

COMMITMENTS OF BANKS AND ADDRESSES FOR NOTICES

Part 2 - Addresses for Notices to Administrative Agent, Borrower, and Guarantors:

ADMINISTRATIVE AGENT:

Name:
ABN AMRO Bank N.V.

Address for Notices:
55 East 52nd Street
New York, NY 10055
Attn: Todd Miller
Telephone:(212) 409-7046
Telecopy:(212) 409-1641

Copy to:
208 S. LaSalle Street, Suite 1500
Chicago, IL 60604-1003
Attn: Nemesia Esangga, Agency Services
Telephone:(312) 992-5082
Telecopy:(312) 992-5157

With a copy to:
Attn: Suzanne Smith, Agency Services
Telephone: (312) 992-5095
Telecopy: (312) 992-5157

With a copy to:
Attn: Dominic Blea, Credit Administration
Telephone: (312) 992-5196
Telecopy: (312) 992-5111

BORROWER:

Name: DENTSPLY INTERNATIONAL INC.
Address: 570 West College Avenue
P.O. Box 872
York, PA 17405-0872
Attn: Mr. William E. Reardon, Treasurer
Telephone: (717) 849-4262
Telecopy: (717) 849-4759

With a copy to:
Attn: Brian M. Addison, Esq., General Counsel and Secretary
Telephone: (717) 849-4363
Telecopy: (717) 849-4753

GUARANTORS:

Names and addresses:

CERAMCO INC. Six Terri Lane Burlington, NJ 08016 Attention: Secretary	CERAMCO MANUFACTURING CO. HC-01 Box 8122 State Road 183, KM.19.6 Las Piedras, PR 00671-9738 Attention: Secretary
DENTSPLY FINANCE CO. 2337 S. Yates Avenue Los Angeles, CA 90040 Attention: Secretary	DENTSPLY INTERNATIONAL PREVENTIVE CARE DIVISION L.P. 570 West College Avenue York, PA 17404 Attention: Secretary
DENTSPLY RESEARCH & DEVELOPMENT CORP. 2337 S. Yates Avenue Los Angeles, CA 90040 Attention: Secretary	G.A.C. INTERNATIONAL, INC. 185 Oval Drive Islandia, NY 11749-1413 Attention: Secretary
MIDWEST DENTAL PRODUCTS CORPORATION 901 West Oakton Street Des Plaines, IL 60018 Attention: Secretary	RANSOM & RANDOLPH COMPANY 3535 Briarfield Boulevard Maumee, OH 43537 Attention: Secretary
TULSA DENTAL PRODUCTS INC. 5001 E. 68th Street, Suite 500 Tulsa, OK 74136 Attention: Secretary	

Chairman's Agreement with John C. Miles II

Effective January 1, 2004, the Company entered an Agreement with John C. Miles II, under which he will receive $100,000.00 over the period from January 1, 2004 through the date of the Company's Annual Meeting in 2005, in consideration of his service as Chairman of the Board of the Company.

Summary of 2003 Incentive Compensation Plan

At the end of 2002, the Human Resources Committee of the Board of Directors adopted the Year 2003 Incentive Compensation Plan (the "Plan"). The Plan established target award opportunities ranging from 23% of base salary for key employees to 80% of base salary for the Chief Executive Officer. The bonuses were earned based on the achievement of certain financial targets, which are established based on the individual participant's position. For the Chief Executive Officer, the Chief Operating Officer and the Executive President the bonus awards for 100% of targeted performance were set at 80%, 65% and 60%, respectively, of their base salaries. For the Senior Vice Presidents and the General Counsel the bonus awards for 100% of targeted performance were set at 55% and 43%, respectively, of their base salaries. Messrs. Miles, Kunkle, Whiting, Clark, Jellison, Lehner, Mosch, Roos, Weston, Wise and Addison received bonus awards for 2003 of 81.9%, 66.6%, 57.8%, 56.3%, 53.2%, 71.8%, 51.8%, 14.1%, 71.8%, 56.3% and 44.0%, respectively.

MANUFACTURING AGREEMENT

This MANUFACTURING AGREEMENT ("Agreement"), having an effective date of the 1st day of March, 2004, (the "Effective Date"), is made and entered into by and between AstraZeneca LP, having a principal place of business at 50 Otis Street, Westborough, MA 01581("AZ") and the Dentsply Anesthetics Division of Maillefer Instruments Trading S.a.r.L., having a place of business at Chemin du Verger 3, CH-1338 Ballaigues, Switzerland ("Dentsply").

RECITALS

WHEREAS, as of the date last written below (the "Execution Date"), AZ is manufacturing certain Products (as defined in Article 1 below) for sale by Dentsply pursuant to the AZLAD Products Manufacturing Agreement between AstraZeneca AB and Maillefer Instruments Holding S.A. ("MIH") (the respective parent companies of AZ and Dentsply) dated January 18, 2001 (the "2001 Agreement"); and

WHEREAS, AZ's obligations to manufacture and Dentsply's obligations to purchase the Products under the 2001 Agreement terminate on February 29, 2004; and

WHEREAS, AZ and Dentsply desire to enter into an arrangement for the manufacturing of the Products as of the Effective Date, which Products will be manufactured by AZ for sale by Dentsply, on the terms and conditions set forth in this Agreement; and

WHEREAS, in order to allow AZ to take into account such manufacturing obligations for its strategic planning purposes, AZ and Dentsply have agreed to enter into this Agreement on the Execution Date.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree to the following:

1. DEFINITIONS

The following terms for the purpose of this Agreement shall have the following respective meanings:

1.1 "Active Ingredient" means, with respect to any Product, the active pharmaceutical ingredient in a Product.

1.2 "Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person. "Control," and with correlative meanings, the terms "controlled by" and "under common control with" means the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract, resolution, regulation or otherwise. With respect to AZ, "Affiliate" shall also mean any corporation or other business entity that controls, is controlled by or under common control with AstraZeneca PLC. With respect to Dentsply, "Affiliate" shall also mean any corporation or other business entity that controls, is controlled by, or is under common control with MIH.

1.3 "Annual Period" means a calendar year, provided, however, that the first Annual Period shall run from the Effective Date through December 31 of such year and is therefore less than a calendar year.

1.4 "Batch" means a quantity of 3,750 Sales Units, and is equal to 375,000 individual dental cartridges of one Product

1.5 "CGMP Requirements" means the FDA's current Good Manufacturing Practice requirements as promulgated under the FFDCA at 21 CFR (Parts 210 and 211), and as further defined by FDA guidance documents, as such may be amended from time to time, applicable to the clinical processing and bulk packaging of the Products.

1.6 "Components" means all containers, closures, packaging components, labels and labeling necessary for the manufacture of the Product as finished goods.

1.7 "Confidential Information" has the meaning set forth in Section 12.1 of this Agreement.

1.8 "Effective Date" means the date written in the preamble of this Agreement.

1.9 "Facility" means AZ's facility in Westborough, Massachusetts.

1.10 "FDA" means the United States Food and Drug Administration, or any such successor agency of the Federal government.

1.11 "FFDCA" means the Federal Food, Drug, and Cosmetic Act, 21 U.S.C.ss.ss.301 et seq., as amended.

1.12 "Firm Order" has the meaning set forth in Section 2.3(b) of this Agreement.

1.13 "Forecast" has the meaning set forth in Section 2.3(b) of this Agreement.

1.14 "Government and Regulatory Authority Approval" means any and all actions of a Government or Regulatory Authority necessary for the Manufacture and distribution of the Products.

1.15 "Government or Regulatory Authority" means any United States Federal, state, or local government, governmental instrumentality or governmental or other regulatory or administrative authority, agency, department, board or court, tribunal or judicial, administrative or arbitration tribunal, and any foreign counterpart thereof.

1.16 "Law" means any Federal, state or local law, statute or ordinance, or any rule, regulation, or published guidelines, or any statement having the effect of law, promulgated by any Government or Regulatory Authority.

1.17 "Materials" means, with respect to any Product, all inactive raw materials used in the formulation of the Product necessary for the manufacture of the Product as finished goods.

1.18 "Manufacture" and "Manufacturing" means the manufacturing, processing, formulating, packaging and holding of such Product prior to delivery to Dentsply and performing the in-process and other testing of the Product required to be performed by AZ pursuant to the Quality Agreement prior to delivery to Dentsply.

1.19 "Party" means each of AZ and Dentsply.

1.20 "Person" means any natural person, corporation, general partnership, limited partnership, limited liability company, proprietorship, other business organization, trust, union, association or Government or Regulatory Authority.

1.21 "Product" means any of the products set forth in Exhibit A attached hereto and made a part hereof.

1.22 "Quality Agreement" means the Agreement executed between the Parties on the date hereof, in the form set forth in Exhibit B hereto, and any similar successor agreement governing the same subject matter.

1.23 "Specifications" means, with respect to each Product, the Product description and attributes set forth in Exhibit C attached hereto and made a part hereof, and any changes thereto as mutually agreed upon by the Parties in accordance with Section 2.1.

1.24 "Territory" means the United States of America, Canada and Puerto Rico.

1.25 "Sales Unit" means one hundred (100) dental cartridges of a Product

1.26 "Work in Process" shall mean, with respect to any Product, all Materials and Active Ingredient from the time of pre-weighing for allocation to a manufacturing lot until satisfactory completion of quality testing for such manufacturing lot.

2. MANUFACTURE OF PRODUCTS

2.1 Manufacturing. AZ agrees to Manufacture the Products, subject to the terms and conditions set forth in this Agreement, to meet Dentsply's requirements for the Products. AZ shall Manufacture the Products (a) in accordance with the Specifications, as may be amended in writing from time to time, with written notice by Dentsply and mutual agreement of the Parties and (b) in material compliance with the Quality Agreement, this Agreement, the CGMP Requirements and all other applicable legal requirements. Notwithstanding the provisions of this Agreement or any of its Exhibits, including but not limited to the Specifications, AZ shall implement, as soon as possible, any change to the Manufacture of Products that is required or recommended by the FDA or required by CGMP Requirements or other applicable Law, and in such event, will provide written notice to Dentsply of any such change as soon as is reasonably practicable. Any and all direct costs (including but not limited to documented internal administrative costs, costs of external technical consultants engaged by AZ in effectuating such changes, the lost value and disposal cost of obsolescent Work in Process, Materials, Components and completed, packaged Products) associated with any change in the Manufacture of the Products shall be borne by Dentsply. If a change is made to the Specifications, Dentsply shall first obtain any required Government and Regulatory Authority approvals and shall make any necessary amendments to regulatory filings.

2.2 Supply and Ownership of Materials. AZ shall arrange to have all Active Ingredients necessary for the Manufacture of the Products shipped to AZ unless otherwise mutually agreed by the Parties. AZ shall be responsible for release of the Active Ingredients in accordance with the Specifications. AZ shall supply the Components and Materials necessary for the Manufacture of the Products listed in Exhibit A. AZ shall retain title and ownership of all Products until shipment in accordance with Section 2.5.

2.3 Forecasts and Orders

(a) Dentsply shall provide Forecasts and Firm Orders for Products in whole Batches in accordance with the procedures set forth in Section 2.3(b). AZ shall use commercially reasonable efforts to deliver Product in accordance with timelines set forth in the Firm Orders submitted by Dentsply as set forth in Section 2.3(b).

(b) Commencing on December 1, 2003 (the "Initial Forecast Date"), Dentsply will provide AZ a forecast of Dentsply's requirements in Batches for each Product for each month for a twelve (12) month period (a "Forecast"); provided, however, that from the Initial Forecast Date until the Effective Date, each Forecast shall reflect Dentsply's requirements for the twelve-month period beginning on the Effective Date. Such Forecast shall be revised monthly for (i) a rolling twelve (12) month period, or (ii) through the remaining period to termination of this Agreement, with the first three (3) months' forecast in each twelve (12) month period beginning on December 1, 2003 reflected in the form of a firm, non-cancelable purchase order (a "Firm Order"). The maximum monthly quantity specified in the Forecast or Firm Order shall not exceed 17 Batches (63,750 Sales Units) per month as the total for all Products. The minimum monthly quantity specified in the Forecast or Firm Order shall not be less than 12 Batches (45,000 Sales Units) per month as the total for all Products. For the term of this Agreement, should Dentsply provide a Firm Order that is below the minimum monthly quantity, AZ will invoice Dentsply as if the minimum monthly quantity of Sales Units of the highest priced Product had been Manufactured; provided, however, that Dentsply may provide a Firm Order that is below the minimum monthly quantity of Batches for the month during which AZ conducts its annual shutdown of the Facility or for a month that AstraZeneca determines it can not provide such minimum quantity due to a decrease in available capacity such as equipment maintenance or SAP software installation. AZ will notify Dentsply in writing of the month that such shutdown is to occur at least three (3) months prior to the first day of such month.

(c) AZ will respond within 10 business days of receiving from Dentsply the monthly rolling Forecast and Firm Order and will either (i) confirm acceptance by AZ of the Forecast and Firm Order quantities or (ii) reject the requested quantities and initiate a dialogue between the Parties to arrive at mutually acceptable values for the Forecast and Firm Order. AZ will use commercially reasonable efforts to accommodate any additional quantity of Products requested by Dentsply after the Firm Order has been sent to AZ, but AZ shall not be liable in any respect for its inability to do so. Notwithstanding anything in this Agreement to the contrary, AZ shall have no obligation to Manufacture in any month more than 17 Batches in total for all Products, and AZ shall have no obligation to Manufacture any quantity of Products during the specified shutdown month. Firm Orders may be amended only by mutual agreement of the Parties, in writing.

2.4 Inability of AZ to meet Requirements. If during the term of this Agreement AZ cannot meet substantially all of Dentsply's requirements for the Product for any reason other than Dentsply's failure to comply with Section 2.3, then AZ promptly shall so advise Dentsply in writing, and, after a period of forty-five (45) days with no deliveries, Dentsply shall be free to purchase replacement Products from other sources for as long as AZ's inability to supply Dentsply's requirements continues.

2.5 Delivery of Products. AZ agrees to arrange delivery of the Products to Dentsply F.O.B. AZ's Facility in Westborough, Massachusetts. Dentsply will select appropriate carriers. AZ agrees to provide reasonable assistance in this selection. Products shall be shipped in accordance with FDA regulations, and other applicable federal and state regulations.

3. MANUFACTURING STANDARDS AND QUALITY ASSURANCE

3.1 Each Product will be Manufactured, controlled, tested, and released in accordance with the Quality Agreement. If there is any inconsistency between this Agreement and the Quality Agreement, the terms of the Quality Agreement shall control with respect to quality issues, and this Agreement shall control with respect to all other issues.

3.2 AZ warrants that, as of the date of each delivery hereunder to Dentsply, and until its date of expiration, each Product, whether for intended sale in the United States or elsewhere, shall comply with the provisions of the FFDCA, and such Product shall not, when delivered to Dentsply, be adulterated or misbranded within the meaning of the FFDCA. A material default by either Party of the Quality Agreement shall be deemed a default under this Agreement.

3.3 Dentsply warrants that each Product shall have all necessary and appropriate Government and Regulatory Approval for commercial sale by Dentsply in the Territory and further warrants such Product after delivery to Dentsply will not be adulterated or misbranded within the meaning of the FFDCA.

4. REGULATORY SUBMISSIONS

4.1 Government and Regulatory Approval. Dentsply shall have responsibility for making all filings and submissions with respect to the Products to the FDA or other applicable Government and Regulatory Authorities in the Territory and for obtaining all Government and Regulatory Approvals required for the commercial sale of Product in the Territory. AZ shall, at Dentsply's request, cooperate and provide reasonable assistance with such filings and submissions, including, the provision of appropriate data when necessary.

4.2 Government and Regulatory Contacts. Dentsply shall be responsible for all Government and Regulatory contacts, meetings or filings with the FDA or equivalent contacts with Government and Regulatory Authorities in the Territory. AZ agrees to provide reasonable assistance during this Agreement as required.

4.3 Adverse Experience Reporting. Dentsply and AZ shall report to the other any information that they have knowledge of concerning any adverse drug experience in connection with the use of the Products, including the incidence or severity thereof, associated with non-clinical toxicity studies, clinical uses, studies, investigations or tests, whether or not determined to be attributable to the Products, all as further outlined in the Quality Agreement.

4.4 Recalls. All coordination of any recall or field correction activities involving Products shall be handled by Dentsply whether or not such action was requested by AZ.

4.5 Expenses. In the event that any Product is recalled as a result of (i) the supply by AZ of Product that does not conform to the warranty set forth in Section 3.2 or (ii) the negligent or intentionally wrongful act of AZ or its representatives, then AZ shall bear all of the reasonable, documented out-of-pocket costs and expenses of such recall including without limitation expenses related to communications and meetings with all required Government and Regulatory Authorities, expenses of replacement stock, the cost of notifying customers and costs associated with shipment of recalled Product from customers and shipment of an equal amount of replacement Product to those customers. In the event that any Product is recalled as a result of any act other than as set forth in the immediately preceding sentence, then Dentsply shall bear all of the reasonable, documented costs and expenses of such recall, including without limitation expenses related to communications and meetings with all required Government and Regulatory Authorities, expenses of replacement stock, the cost of notifying customers and costs associated with shipment of recalled Product from customers and shipment of an equal amount of replacement Product to those customers. In the event that the reason for any recall of Product hereunder is in part the responsibility of AZ as described in the first sentence of this Section 4.5 and in part the responsibility of Dentsply as described in the immediately preceding sentence, then the expenses related to such recall shall be allocated in an equitable manner between the Parties.

5. CONSIDERATION

5.1 Price. The price for the Products to be delivered by AZ during the term of this Agreement, shall be as set forth in Exhibit D. AZ shall invoice for the Products such amounts upon shipment of the Products to Dentsply. The terms of payment shall be net thirty (30) days from date of invoice provided that the invoice is promptly mailed, sent via overnight courier, or telefaxed, to Dentsply.

5.2 Price Changes. AstraZeneca may increase its price for the Products to absorb increased costs in the supply price to AstraZeneca of Active Ingredients, Materials and Components used in the production of Dentsply Products. AstraZeneca agrees to provide reasonable documentation to substantiate any such increase.

5.3 Equipment. The Parties have mutually agreed that Exhibit E represents equipment known to require repair or replacement during 2004. Within 30 days of the Execution Date, the parties shall undertake to schedule in a timely manner the repairs or replacement work. The actual cost of performing these equipment repairs and replacements will be borne by Dentsply.

5.4 Equipment Repair Costs. During the term of this Agreement, AstraZeneca shall be responsible for the cost of maintenance, repair, and replacement for the items of equipment owned by Dentsply and listed in Exhibit F, with the exception of the maintenance, repairs and replacements listed in Exhibit E as set forth in Section 5.3 above. Notwithstanding the foregoing, in the event that the cost of any specific maintenance, repair or replacement, including all equipment vendor support costs, AstraZeneca labor and materials, exceeds $50,000, Dentsply shall, upon written notification thereof by AstraZeneca, reimburse AstraZeneca for the entire cost of that repair or replacement. AstraZeneca agrees, where reasonably practicable, to provide Dentsply with written notice of its best estimate of the cost of such repairs prior to beginning to make, or have made, those repairs. In addition, in the event the estimated cost of the repairs exceeds $75,000, Dentsply shall have 72 hours from receipt of notice of the estimated repair cost and request for approval to decide whether to give its approval to AstraZeneca making those repairs, which approval may not be unreasonably withheld. In the event Dentsply does not respond to AstraZeneca's request for approval within that 72 hour period, Dentsply shall be deemed to have given its approval to any such requested repairs. AstraZeneca agrees to provide reasonable documentation to substantiate any such maintenance event.

5.5 Equipment Removal and Facility Restoration. For the term of this Agreement Dentsply will retain ownership of the equipment set forth in Exhibit F and such Dentsply equipment shall remain at AZ's Facility. Dentsply shall complete disassembly and removal of this equipment as soon as reasonably practicable after termination of this Agreement and as mutually agreed to by the Parties. The removal of equipment from classified Manufacturing areas must be scheduled with the annual Westborough site shutdown in order to minimize disruption to other AstraZeneca activities. The cost of disassembly, removal and transport of all such equipment, and any repairs or modifications to the Facility that are necessary to restore the Facility to working order and area classification, will be Dentsply's responsibility.

5.6 Active Ingredients, Materials, Components. Upon termination of this Agreement, all Active Ingredients, Materials and Components unique to the Manufacture of the products, shall be either (i) destroyed pursuant to Dentsply's written instructions and at Dentsply's loss of inventory value and disposal expense, or (ii) sold to Dentsply at cost FOB Westborough, MA.

6. TERM AND TERMINATION

6.1 Term. Except with respect to Dentsply's forecasting obligations specified in Section 2.3, the obligations of the Parties hereunder shall commence on the Effective Date and continue until February, 28, 2005 (the "Termination Date") unless this Agreement is extended by Dentsply notifying AstraZeneca in writing, no later than September 1, 2004, of its intention to extend the Agreement beyond the "Termination Date" to a new date not to extend beyond December 31, 2005.

6.2 Termination for Breach. This Agreement may be terminated by either Party if the other Party fails to remedy and make good any material default in the performance of any condition or obligation under this Agreement within ninety (90) days of the date a written notice of such default and intention to terminate is sent to the defaulting Party; provided that if a defaulting Party has promptly from receipt of notice commenced to cure such default and can demonstrate that it is diligently attempting to cure such default at the lapse of such ninety (90) days, then such party shall have such additional time to cure as may be reasonably required but not to exceed an additional seventy-five (75) days.

6.3 Termination for Bankruptcy. This Agreement may be terminated by either Party immediately, or at any time thereafter by notice to the other if the other becomes bankrupt or insolvent, or enters into liquidation whether compulsorily or voluntarily, or convenes a meeting of its creditors, or has a receiver appointed over all or part of its assets, or ceases for any reason to carry on business.

6.4 Termination for Force Majeure. This Agreement may be terminated by a Party, upon thirty (30) days written prior notice in the event of the other Party's inability to substantially perform its obligations hereunder for more than one hundred eighty (180) days due to an event of force majeure as defined in Section 11.1 herein, provided that if the breaching Party reasonably expects that such condition of force majeure will be remedied within ninety (90) days from the date on which the breaching Party receives the non-breaching Party's notice of termination, then the breaching Party shall have ninety (90) days from the date of such notice to remedy such breach before termination becomes effective.

6.5 No Waiver. The failure of either Party to terminate this Agreement by reason of the breach of any of its provisions by the other Party shall not be construed as a waiver of the rights or remedies available for any subsequent breach of the terms and provisions of this Agreement.

6.6 Accrued Liabilities. Termination of this Agreement for any reason shall not discharge either Party's liability for obligations incurred hereunder and amounts unpaid at the time of such termination. Dentsply shall pay AZ for any finished Product ordered by Dentsply prior to termination. Dentsply shall also pay AZ for any Work in Process and Materials (supplied by AZ) that were to be used in the Manufacture of Products hereunder and that are in AZ's possession upon termination of the Agreement. All Materials, Work in Process and finished goods of Products ordered by Dentsply in AZ's possession shall be returned to Dentsply upon termination.

6.7 Property. Subject to the provisions of Section 5.5, in the event of termination of this Agreement for whatever cause, in addition to the other obligations of the Parties hereunder, each Party shall return to the other Party or to the other Party's designee, at the owner's sole cost and expense, no later than thirty (30) days after the effective date of termination, all of such other Party's property, including, but not limited to, all proprietary information, in its possession, except to the extent required to be retained by Law or to comply with such Party's continuing obligations hereunder.

7. INDEPENDENT CONTRACTORS

The Parties acknowledge, agree and declare that the relationship hereby established between them is solely that of provider and recipient of manufacturing services and that each Party hereto is an independent contractor with respect to the other. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture or agency relationship between the Parties or, except as otherwise expressly provided in this Agreement, as granting either Party the authority to bind or contract any obligation in the name of or on the account of the other Party or to make any statements, representations, warranties or commitments on behalf of the other Party. All person employed by a Party shall be employees of such Party and not of the other Party and all costs and obligations incurred by reason of any such employment shall be for the account and expense of such Party.

8. INDEMNIFICATION

8.1 Indemnification by AZ. AZ agrees to indemnify, defend and hold harmless Dentsply, its Affiliates and their respective employees against any and all third-party claims, including claims made against Dentsply by any of its distributors; losses; damages and liabilities; including reasonable attorney's fees, incurred by any of them arising out of any material breach of any obligation by AZ hereunder or any grossly negligent or intentionally wrongful act or omission by AZ in connection with its Manufacturing services hereunder.

8.2 Indemnification by Dentsply. Dentsply agrees to indemnify, defend and hold harmless AZ, its Affiliates and their employees against any and all third-party claims, losses, damages and liabilities, including reasonable attorney's fees, incurred by any of them arising out of any Manufacture of the Products in accordance with the Specifications, including any claim of infringement of intellectual property rights as further set forth in Section 14.7, any breach of any obligation by Dentsply hereunder or any negligent or intentionally wrongful act or omission of Dentsply in connection with the marketing, distribution or sale of the Product in the Territory.

8.3 Procedure. If Dentsply, its Affiliates or their respective employees, or AZ, its Affiliates or their respective employees (in each case an "Indemnified Party") receive any written claim which such Indemnified Party believes is the subject of indemnity hereunder by AZ or Dentsply as the case may be (in each case an "Indemnifying Party"), the Indemnified Party shall, as soon as reasonably practicable after forming such belief, give notice thereof to the Indemnifying Party; provided, that the failure to give timely notice to the Indemnifying Party as contemplated hereby shall not release the Indemnifying Party from any liability to the Indemnified Party unless the Indemnifying party demonstrates that the defense of such claim is prejudiced by such failure. The Indemnifying Party shall have the right, by prompt notice to the Indemnified Party, to assume the defense of such claim, at its cost, with counsel reasonably satisfactory to the Indemnified Party. If the Indemnifying Party does not so assume the defense of such claim or, having done so, does not diligently pursue such defense, the Indemnified Party may assume such defense, with counsel of its choice, but at the cost of the Indemnifying Party. If the Indemnifying Party so assumes such defense, it shall have absolute control of the conduct of the litigation; the Indemnified Party may, nevertheless, participate therein through counsel of its choice and at its cost. The party not assuming the defense of any such claim shall render all reasonable assistance to the party assuming such defense, and all out-of-pocket costs of such assistance shall be for the account of the Indemnifying Party. No such claim shall be settled other than by the party defending the same, and then only with the consent of the other party, which shall not be unreasonably withheld; provided, that the Indemnified Party shall have no obligation to consent to any settlement of any such claim which imposes on the Indemnified Party any liability or obligation which cannot be assumed and performed in full by the Indemnifying Party.

9. INSURANCE

9.1 Each Party shall obtain and keep in force during the term of this Agreement, (a) worker's compensation insurance in compliance with the worker's compensation laws of the state or states in which such Party has employees performing work related to this Agreement and employer's liability insurance with respect to such employees written on a per occurrence basis with a minimum limit of One Million Dollars ($1,000,000) per occurrence; and (b) commercial general liability insurance, written on a per occurrence basis, including, without limitation, premises, broad form property damages, contractual and products liability/completed operations coverage, which shall specifically cover such Party's indemnification obligations under Section 8.1 or 8.2 hereof, as applicable, with a combined single limit for bodily injury and property damage of not less than Ten Million Dollars ($10,000,000).

9.2 Each Party shall furnish certificates of insurance for the policies of such Party to the other Party within ten (10) days after the Effective Date. Each Party shall immediately provide the other with written notice of any cancellation, non-renewal, expiration or material modification of any policy. Should either Party at any time neglect or refuse to provide the insurance required herein, or should such insurance be canceled or materially modified, the other Party shall have the right to procure the same and the cost thereof shall be deducted from any compensation then due or thereafter to become due to the first Party.

10. LIMITATION OF LIABILITY

Limitation. Except in the event of (a) a claim pursuant to a Party's indemnification obligations herein, (b) a Party's fraud or willful misrepresentation or willful misconduct, or (c) a breach of a party's confidentiality obligations herein, in no event shall either Party be liable to the other for special, indirect, incidental or consequential damages, including lost profits, in any way arising out of or relating to this Agreement.

11. FORCE MAJEURE

Force Majeure. Neither Party shall be liable to the other for default or delay in the performance of its obligations under this Agreement, if such default or delay shall be caused directly or indirectly by accident, fire, flood, riot, war, terrorism, act of God, embargo, strike, failure or delay of normal source of supply of materials, or delay of carriers, or complete or partial shutdown of plant by any of the foregoing causes or other causes beyond its reasonable control, provided same are not due to the fault or neglect of such Party and provided further that any such delay or failure shall be remedied by such Party as soon as possible after the cause of such failure or delay.

12. CONFIDENTIALITY

12.1 Any information or data (including but not limited to, any technical information, experience or data) regarding either Party's formulations, plans, programs, plants, processes, technical materials, Product, production requirements, standard specifications, costs, equipment, operations, procedures, instructions or customers (all of which is herein referred to as "Confidential Information") is the sole property of the respective Party. Each Party shall treat the other Party's Confidential Information in the same protective manner that it treats its own Confidential Information. Parties shall not use, except for the purpose of carrying out this Agreement, or disclose to others or permit their employees, agents, consultants or subcontractors to use, except for the purpose of carrying out this Agreement, or disclose to others, during the term of this Agreement and for a period of four (4) years from the date of termination or expiration of this Agreement, Confidential Information which has heretofore come or hereafter may come within the knowledge of, or which has been or may hereafter be acquired or developed by the respective party, its employees, agents, consultants or subcontractors, in the performance of any services hereunder. This paragraph shall not prevent either Party from using or disclosing to others information:

(a) which is known to the receiving Party at the time it is disclosed by or obtained from the disclosing Party, which knowledge can be established by competent evidence; or

(b) which is, or through no fault of the receiving Party becomes, lawfully available to the public; or

(c) which lawfully becomes available to the receiving Party from a source other than the disclosing Party; or

(d) which is independently developed by the Party without reliance upon or reference to the Confidential Information which independent development can be established by competent evidence; or

(e) which the receiving Party is required by applicable Law, a court having jurisdiction, or Government or Regulatory Authority to disclose.

12.2 Upon termination of this Agreement, if requested, the receiving Party shall deliver to the disclosing party all notes, drawings, blueprints, manuals, letters, notebooks, reports and other writings of or pertaining to Confidential Information, including all copies thereof, and all other Confidential Information which is in the possession of or under the control of the receiving Party. Parties shall restrict access to Confidential Information to as few as practicable of their employees, agents, consultants and subcontractors, and in all cases shall restrict such knowledge to only those employees, agents, consultants and subcontractors who are directly connected with the performance of the services hereunder.

13. COMPLIANCE WITH LAW

Each Party shall comply with, and shall not be in material violation of, all valid, applicable Laws of the Territory which materially affect the Manufacture, processing, packaging, shipment, or storage of the Products.

14. TRADE NAMES AND TRADEMARKS

14.1 AZ's Rights. Dentsply hereby acknowledges that it does not have, and shall not acquire by virtue of this Agreement, any rights to or under any goodwill, trademark, tradename, copyright, patent of AZ, nor in any of AZ's trademarks or tradenames appearing on the label or packaging materials of the Products. Dentsply agrees to do nothing by act or omission which would impair AZ's or its Affiliates' rights, ownership and title in the aforementioned.

14.2 Dentsply's Rights. AZ hereby acknowledges that it does not have, and shall not acquire by virtue of this Agreement, any rights to or under any goodwill, trademark, tradename, copyright, patent or other intellectual property of Dentsply, nor in any of Dentsply's trademarks or tradenames appearing on the label or packaging materials of the Products. AZ agrees to do nothing by act or omission which would impair Dentsply's or its Affiliates' rights, ownership and title in the aforementioned.

14.3 No Contest. Each Party further agrees not to contest, deny or dispute the validity of any trademarks or tradenames owned by the other Party appearing on the labels or packaging materials of the Products or the title of such other Party thereto, and not to assist others in doing so, and not to take action of any kind inconsistent with the holding of all such trademark rights by such other Party.

14.4 Use. Neither Party shall use the trademarks or tradenames owned by the other Party under which the Products are Manufactured on any other goods or products, except as provided hereunder.

14.5 Infringement. Each Party shall immediately report in writing to the other Party upon being acquainted through any source whatsoever of any and all infringements or threatened infringements of the tradenames or trademarks owned by such other Party appearing on the labels and packaging materials of the Products, and any attempt on the part of anyone to register, copy, infringe upon or imitate such trademarks or tradenames, and if required by such party, the notifying Party will, at the other Party's sole expense, take such steps as the other Party may deem advisable against the infringement or otherwise for the protection of the other Party's rights.

14.6 Survival. The obligations set forth in this Article 14 shall survive the termination or expiration of this Agreement.

14.7 Intellectual Property Indemnification. Dentsply shall indemnify, defend and hold AstraZeneca, its Affiliates, and their employees, contractors and agents harmless from and against any and all claims, demands, actions, suits, losses, damages, costs, expenses (including reasonable attorney's fees), and liabilities which they may incur, suffer or be required to pay by reason of any patent infringement suit or other intellectual property suit brought against them as a result of or in connection with AZ's Manufacture of a Product provided such Product is manufactured in accordance with all material Specifications.

15. NOTICES

Any notice or request expressly provided for or permitted under this Agreement shall be in writing, delivered manually or by mail, telegram, telefax or cable and shall be deemed sufficiently given if and when received by the Party to be notified at its address first set forth below, or if and when mailed by registered mail or certified mail, postage prepaid, addressed to such party at such address. Either Party, by notice to the other, may change its address for receiving such notices.

To AZ: AstraZeneca LP
50 Otis Street
Westborough, MA 01581

Attention: General Manager

With a copy to: General Counsel
AstraZeneca LP
1800 Concord Pike
Wilmington, DE 19850

To Dentsply: Maillefer Instruments Trading S.a.r.L.
Dentsply Anesthetics Division
Chemin du Verger 3
CH-13333 Ballaigues
Switzerland

With a copy to: DENTSPLY Pharmaceutical Division
Concord Executive Center
3427 Concord Road
York, PA 17402

And to: Dentsply International Inc.
570 West College Avenue
York, PA 17404
Attention: Secretary

16. GOVERNING LAW

Other than claims for equitable or injunctive relief, any dispute or claim under this Agreement or any amendment thereto (unless such amendment provides otherwise), including without limitation as to their existence, validity, enforceability, interpretation, performance, breach, or damages, including claims in tort, whether arising before or after the termination of this Agreement, shall be settled only by binding arbitration pursuant to the rules of the American Arbitration Association (the "Rules"); provided, however, that: (a) the arbitration shall take place in Wilmington, Delaware; (b) there shall be three (3) arbitrators, who shall be selected under the normal procedures prescribed in the Rules, (c) at the arbitration hearing, each party may make written and oral presentations to the arbitrators, present testimony and written evidence, and examine witnesses; (d) the arbitrators shall have the power to award as damages the expenses of the arbitrators and of the administrator's fees for the arbitration; (e) the arbitrators shall issue a written decision explaining the basis for such decision; (f) such decision shall be final, binding, and enforceable in any court having jurisdiction over either of the parties..

The parties hereby irrevocably and unconditionally consent to the exclusive jurisdiction of the courts of the State of Delaware for any action, suit, or proceeding for equitable or injunctive relief arising out of or relating to this Agreement, and agree not to commence any such action, suit, or proceeding related thereto except in such courts.

17. COMPLETE CONTRACT

This document, together with the exhibits thereto constitutes the complete and exclusive statement of the terms of the Agreement between the Parties hereto with reference to the subject matter hereof, and no statement or agreements, oral or written, made prior to or at the signing hereof shall vary or modify the written terms hereof, and neither Party shall claim any modification or rescission from any provision hereof unless such modification or rescission is in writing, signed by the other Party.

18.

NONASSIGNABILITY

During the term of this Agreement the rights of either Party under this Agreement shall not be assigned, nor shall the performance of either Party's duties be delegated without the other Party's prior written consent, except either Party may assign this agreement to an Affiliate without obtaining the other Party's prior written consent. Notice of assignment shall be given to other Party at least thirty (30) days prior to the effective date of said assignment.

19. WAIVER

A Party's failure to enforce, at any time or for any period of time, any provision of this Agreement, or to exercise any right or remedy, shall not constitute a waiver of that provision, right or remedy or prevent such Party from enforcing any or all provisions of this Agreement and exercising any rights or remedies. All rights and remedies are cumulative and do not exclude any other right or remedy provided by Law or otherwise available.

20. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to constitute one and the same instrument. An executed signature page of this Agreement delivered by facsimile transmission shall be as effective as an original executed signature page.

21. NO BENEFIT TO OTHERS

The provisions of this Agreement are for the sole benefit of the Parties and their successors and permitted assigns, and they shall not be construed as conferring any rights in any other persons except as otherwise provided in this Agreement.

22. SEVERABILITY

If any provision of this Agreement is held to be invalid, illegal or unenforceable, in nay respect, then, to the fullest extent permitted by applicable Law and if the rights or obligations of any Party will not be materially and adversely affected: (a) such provision will be given no effect by the Parties and shall not form part of this Agreement, (b) all other provisions of this Agreement shall remain in full force and effect and (c) the Parties will use their best efforts to negotiate a provision in replacement of the provision held invalid, illegal or unenforceable that is consistent with applicable Law and achieves, as nearly as possible, the original intention of the Parties. To the fullest extent permitted by applicable Law, the Parties waive any provision of law that would render any provision of this Agreement invalid, illegal or unenforceable in any respect.

23. SURVIVAL

The respective rights and obligations of the Parties set forth in this Agreement shall survive the expiration or termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the Execution Date.

Maillefer Instruments Trading S.a.r.L.	ASTRAZENECA LP
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title:_____
Date: _____	Date: _____

PURCHASE OF ASSETS AGREEMENT

as of

December 11, 2003

Between

DENTSPLY International Inc.
Ceramco Inc.
Dentsply Research & Development Corp.
PDEX Acquisition Corp.
DENTSPLY France S.A.S.
DENTSPLY DeTrey GmbH
and
DENTSPLY Italia S.r.l.

as Sellers

and

DAS Equipment Company

as Buyer

INDEX

SCHEDULES

Description	Schedule
Assets	1.3 A
Excluded Assets	1.3 B
Products	1.28
Assumed Obligations	2.4
Consents	2.6(a)(x)
Exceptions	4
Financial Information	4.5
Material Contracts	4.8(b)
Additional Contracts	4.8(c)
Fixed Assets	4.9
Patents	4.11 A
Trademarks	4.11 B
Other Intellectual Property	4.11 C
Employment Terms	4.12
Litigation	4.13
Warranty	4.15
Environmental Matters	4.19
Real Property	4.20
Significant Customers and Suppliers	4.21(a)
Taxes	4.22
Bank Accounts, Power of Attorney	4.23
Claims; Business Relationships with Affiliates	4.26
Disclosures	10.3

Description	Exhibit
Sublease	2.6A
Manufacturing Agreement	2.6B
Representative Agreement	2.6C
Transitional Services Agreement	7.9

PURCHASE OF ASSETS AGREEMENT

This Purchase of Assets Agreement ("Agreement"), dated as of December __, 2003, is made and entered into by and between DAS Equipment Company, a corporation organized and existing under the laws of Delaware, USA, with a principal place of business at 2099 Pennsylvania Avenue, N.W., Washington, D.C. 20006-1813 (herein referred to as "Buyer"), AND DENTSPLY International Inc., a corporation organized and existing under the laws of Delaware, USA, with a principal place of business at 570 West College Avenue, York, Pennsylvania 17404 ("Dentsply") Dentsply Research & Development Corp., a Delaware corporation with a principal place of business at 2283 Cosmos Court, Carlsbad, California 92009 ("DRDC"), PDEX Acquisition Corp., a Delaware corporation with a principal place of business at 1209 Orange Street, Wilmington, Delaware 19801 ("PDEX"), Ceramco Inc., a Delaware corporation with a principal place of business at Six Terri Lane, Burlington, NJ 08016 ("Ceramco"), Dentsply DeTrey GmbH, a company organized and existing under the laws of Germany, with a principal place of business at DeTrey Strasse 1, D-78467 Konstanz, Germany ("DeTrey"), Dentsply Italia S.r.l., a company organized and existing under the laws of Italy, with a principal place of business at Via A. Cavaglieri, 26, 1-00173 Rome, Italy ("Italia"), and Dentsply France S.A.S., a company organized and existing under the laws of France, with a principal place of business at 17, rue Michael Faraday, 78180 Montigny le Bretonneux, France ("France") (collectively referred to as the "Sellers").

W I T N E S S E T H:

WHEREAS, Sellers are engaged in the business of developing, manufacturing, marketing, producing, selling and distributing dental imaging products and related services throughout the world;

WHEREAS, Sellers desire to divest themselves of such business and substantially all of the assets and certain of the liabilities associated therewith;

WHEREAS, Buyer desires to acquire such business and assets and is willing to assume such liabilities; and

WHEREAS, Buyer and Sellers desire to consummate the transactions contemplated hereby both directly and through their respective Affiliates.

NOW, THEREFORE, in consideration of the mutual obligations herein contained, intending to be legally bound, the parties agree as follows:

ARTICLE I - DEFINITIONS

1. Definitions. In this Agreement, the following terms shall have the meanings assigned to them below:

1.1 "Affiliate" of a specified Person (natural or juridical) shall mean (A) a Person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Person specified or (B) any director, officer, partner, member or trustee of such Person. As used herein, "controls," "control" and "controlled" means the possession, direct or indirect, of the power to direct the management and policies of a Person, whether through the ownership of 50% or more of the voting interests of such Person, through agreement or otherwise.

1.2 "Ancillary Agreements" shall mean all agreements, other than this Agreement, entered or to be entered by the Sellers and Buyer in furtherance of or in connection with the transactions described in this Agreement, including, but not limited to, the Bill of Sale, Assignment and Assumption Agreement, Manufacturing Agreement, Representative Agreement, Sublease Agreement and any Transitional Services Agreements.

1.3 "Assets" shall mean (a) all the Patents, Trademarks and Fixed Assets owned or used by any Sellers in connection with the Business as currently conducted by Sellers, (b) all Scheduled Contracts, (c) all Contracts, entered into by any Seller in the ordinary course of business consistent with past practice that are primarily related to the Business and that are not required to be listed on Schedule 4.8(b) or 4.8(c), and (d) all other assets (other than Contracts) and rights and permits owned by, registered in the name of, or used or held for use by, any Sellers primarily in connection with the Business, as conducted prior to the Closing, including, with respect to (a) - (d) above, the assets and rights described on Schedule 1.3A, Assets but excluding the items described on Schedule 1.3B, Excluded Assets.

1.4 "Base Financial Statements" shall mean the pro forma condensed balance sheet of the Gendex Operating Units as of, and the pro forma statement of operations for the Business for the nine (9) month period ended, September 30, 2003, each as set forth on Schedule 4.5.

1.5 "Business" shall mean the business represented by the research and development, manufacturing, marketing, selling and distribution of the Products worldwide by Sellers, including the operations of the Business conducted by the Gendex Operating Units and Intercompany Locations and including all research and product development activities and information related to the Products. Unless otherwise indicated, "Business" refers to the Business as conducted by Sellers as of the date hereof and as of the Closing.

1.6 "Closing" shall mean the meeting of the parties at which the sale, assignment, transfer and delivery of the Assets by Sellers to Buyer, the payment of the Initial Payment by Buyer and the other transactions contemplated hereby are completed. The Closing shall take place at the offices of Dentsply, York, Pennsylvania, USA, on the later of January 2, 2004 (if the Closing occurs on January 2, 2004, it shall be deemed to have occurred at 12:01 a.m. on January 1, 2004, or the third business day in York, Pennsylvania following the expiration of the Hart-Scott-Rodino waiting period; if the conditions precedent to the Closing have not been fulfilled by such time, then the Closing shall take place at the same time of day in the same place on the third business day following the day on which such conditions precedent are fulfilled. For purposes of determining whether an event occurred before or after the Closing (other than the satisfaction of the closing conditions, the delivery of the certificate contemplated by Section 3.1(vi) and the determination of any indemnification rights and obligations in connection with the representations and warranties set forth in Articles IV and V), the Closing shall be deemed to have taken place at the 12:01 a.m. on the day of Closing.

1.7 "Closing Date" shall mean the date on which the Closing occurs.

1.8 "Confidential Information" means any information which is proprietary or not known publicly or by the trade, including, without limitation, information with respect to present or future business, operations, services, products, research, inventions, discoveries, drawings, designs, plans, processes, models, technical information, facilities, methods, trade secrets, copyrights, software, source code, systems, patents, procedures, manuals, specifications, any other intellectual property, confidential reports, price lists, pricing formulas, customer lists, financial information (including the revenues, costs, or profits associated with any products or services), business plans, lease structure, projections, prospects, opportunities or strategies, acquisitions or mergers, advertising or promotions, personnel matters or legal matters (including confidential and proprietary information and trade secrets entrusted by third parties in confidence).

1.9 "Contracts" shall mean all contracts, leases, commitments, licenses, guarantees, arrangements and agreements of every type and description to which any of the Sellers are a party or by which any of them are bound, whether written or oral.

1.10 "Damages" shall mean claims, losses, obligations, Liabilities, damages (including any amounts that a party seeking Damages is required to pay to a third party and punitive damages), deficiencies, costs, expenses (including, without limitation, reasonable fees and expenses of counsel and consultants, traveling expenses of employees and expenses of investigation), actions, suits, proceedings, (including informal and administrative proceedings), investigations, demands, assessments, adjustments, audits, settlement payments, Taxes, penalties, fines, interest (including interest from the date of determination of such damages) and judgments (including, without limitation, any proceedings to establish insurance coverage).

1.11 "Encumbrance" shall mean any lien (statutory or otherwise), security interest, charge or encumbrance of any kind or nature whatsoever.

1.12 "EU Business" shall mean the Gendex operating units located in Cusano Milanino, Italy and Hamburg, Germany.

1.13 "Excluded Obligations" shall mean all Liabilities of the Business, the Gendex Operating Units and Sellers not constituting Assumed Obligations.

1.14 "GAAP" shall mean USA generally accepted accounting principles, consistently applied.

1.15 "Gendex Management Employees" shall mean Gary Berg, Marco Dolci,
Gary Radwanski, Keith Trecker, John Miller, Roberto Molteni and
Gary Sieckman.

1.16 "Gendex Operating Units" shall mean the three Gendex operating locations of the Business based in Des Plaines, IL, Cusano Milanino, Italy and Hamburg, Germany.

1.17 "Governmental Authority" shall mean any federal, state, local or foreign, governmental or quasi-governmental entity or municipality or subdivision thereof or any authority, department, commission, board, bureau, agency, court, tribunal instrumentality, or applicable self-regulatory organization (each, a "Governmental Authority").

1.18 "Hart-Scott-Rodino" shall mean the USA Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

1.19 "Income from Operations" shall mean Net Sales of the Business, less cost of goods sold and distribution, selling, general and administrative and research and development expenses of the Gendex Operating Units, and cost of goods sold at standard and direct expenses and/or allocation of selling and distribution expenses as described in Schedule 4.5 for Intercompany Locations. Income from Operations does not include interest, taxes, restructuring costs (including plant relocation costs), European information technology costs, elimination of manufacturing margin associated with product remaining in inventory in Intercompany Locations, and/or currency exchange gains/losses. 2003 Income from Operations includes a pro forma adjustment to reflect the new cost structure for the DenOptix Product under the new Alara agreement as if all product sold in 2003 was purchased under the new agreement.

1.20 "Initial Payment" shall mean US $102.5 million.

1.21 "Intercompany Locations" shall mean Affiliate locations that sell Products and are not a part of the Gendex Operating Units.

1.22 "Inventories" shall be as defined on Schedule 1.3A, Assets.

1.23 "Laws" shall mean all applicable laws, orders, judgments, rules, codes, statutes, regulations, requirements, variances, decrees, writs, injunctions, awards, rulings or ordinances of any Governmental Authority.

1.24 "Liability" shall mean any direct or indirect obligation, indebtedness, claim, loss, damage, deficiency, cost, expense or responsibility, whether accrued, unaccrued, absolute, contingent, mature, unmature or otherwise and whether known or unknown, fixed or unfixed, choate or inchoate, liquidated or unliquidated, secured or unsecured.

1.25 "Material Adverse Effect" shall mean any change, event or effect with respect to the Business or Assets, together with all other changes, events and effects that have occurred prior to the date of determination, that has a material adverse effect on (i) the operations, assets or financial condition of the Business taken as a whole, but which shall not include general economic conditions which affects similarly situated businesses in a similar manner or (ii) the ability of Sellers to consummate the transactions contemplated hereby or to perform their obligations hereunder.

1.26 "Net Sales" shall mean gross third party sales of the Business less provision for customer discounts, rebates, promotions, and returns and allowances of the Gendex Operating Units, and less only customer returns at Intercompany Locations.

1.27 "Person" shall mean any natural person, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, proprietorship, trust, union, association or other entity, enterprise or business organization.

1.28 "Product Liability Claim" shall mean any claim for personal or bodily injury which is based on or arises out of the design, manufacture, labeling, sale of, use of or exposure to any Product, regardless of whether such claim is founded in product liability, strict liability, breach of contract, breach of express or implied warranty, negligence, gross negligence, enterprise or alternate liability, concert of action, nuisance, the intentional or unintentional acts or omissions of the party against which the claim is made, its employees, agents or representatives, or any other theory of recovery.

1.29."Products" shall mean the products described on Schedule 1.28, Products.

1.30 "Purchase Price" shall mean US$102.5 million as may be subsequently adjusted pursuant to Section 2.3 and the other provisions of this Agreement.

1.31 "Schedules" shall mean the Schedules to this Agreement.

1.32 "Third Party Receivables" shall mean amounts due from non-Affiliates resulting from the sale of Product.

1.33 "Third Party Payables" shall mean amounts due to non-Affiliates for goods and services provided.

1.34 The phrase "transactions contemplated hereby (or by this Agreement)" shall include, without limitation, the Ancillary Agreements.

1.35 "Transferred Employee" shall mean employees of Sellers who are employed in connection with the Business by Sellers and become an employee of Buyer in connection with the transactions contemplated hereby.

1.36."US" and "USA" shall mean United States of America.

1.37 "US Business" shall mean the Gendex operating unit located in Des Plaines, Illinois, USA.

1.38 "US Facility" shall mean the property located at 901 W. Oakton Street,
Des Plaines, Illinois, which is partially utilized by the Business.

1.39."VAT" shall mean any applicable value added tax.

ARTICLE II - PURCHASE AND SALE OF ASSETS

2.1 Transfer.

(a) At the Closing, Sellers shall sell, assign, transfer and deliver the Assets to Buyer free and clear of all Encumbrances, restrictions and rights of others (except for Permitted Encumbrances), and Buyer shall purchase and acquire the Assets from Sellers.

(b) At any time after the Closing and prior to the second (2nd) anniversary of the Closing, Sellers shall assign, transfer and deliver to Buyer at Buyer's request any Contract (other than an Excluded Asset) relating primarily to the Business that was in effect prior to the Closing and that should have been on the Scheduled Contract list but was omitted (each, an "After-Assigned Contract"), and Buyer shall assume such After-Assigned Contract from Sellers. The consideration for the assignment of the After-Assigned Contracts shall be the payment of the Purchase Price under Section 2.2 of this Agreement and no further consideration shall be paid for such assignment. Sellers shall have no obligation under this provision to renew or re-enter any expired Contract.

2.2 Payment of Purchase Price. Buyer shall pay the Initial Payment to the order of Dentsply at the Closing by the wire transfer of immediately available funds from banks selected by Buyer to the account(s) selected by Dentsply and notified in writing to Buyer no later than one (1) business day prior to the Closing.

2.3 Adjustments to Purchase Price.

(a) There shall be an adjustment to the Purchase Price for the Gendex Operating Units, if necessary, as set forth in this paragraph. Within ninety (90) days of Closing, the Buyer shall provide a statement to Dentsply of Buyer's calculation of the amount of Inventory, Third Party Payables, accrued liabilities (which does not include the liability for the frozen Gendex pension plan), Fixed Assets (gross asset value without depreciation or amortization) and other assets (prepaid assets and travel advances) for the Gendex Operating Units and Third Party Receivables for the EU Business ("Gendex Operating Unit Net Working Capital") as of Closing determined consistent with the past practices and accounting policies of Dentsply. To the extent the Gendex Operating Unit Net Working Capital is between $19,661,000 and $23,661,000, then no adjustments to the Purchase Price shall be made. To the extent that the Gendex Operating Unit Net Working Capital exceeds $23,661,000, Buyer shall pay such additional amount to Dentsply. To the extent the Gendex Operating Unit Net Working Capital is less than $19,661,000, Dentsply shall pay Buyer such amount.

(b) There shall also be an adjustment to the Purchase Price, if necessary, for the Inventory at Intercompany Locations, as set forth in this paragraph. Within thirty (30) days of Closing, the Dentsply shall provide a statement to Buyer of the book value of the total Inventory at Intercompany Locations as of Closing. For purposes of this Section 2.3, the "value" of the Inventory shall mean the value computed in accordance with the first sentence of Section 4.10. If the book value of such Inventory is less than $1 million, Dentsply shall pay to Buyer the amount by which the value of such Inventory is below $1 million. Except as provided in the preceding sentence, there shall be no adjustment to the Purchase Price pursuant to this Section 2.3(b).

(c) In the event that either Dentsply or Buyer provides notice that it disagrees/objects to any of the other Party's valuations as set forth in this Section 2.3, and the parties are unable to resolve such objection within thirty (30) days of such notice (the "Resolution Period") then such valuations shall be determined in accordance with the provisions of this Agreement by a USA national or large regional public accounting firm ("Neutral Auditor"). The fees and expenses of the Neutral Auditor shall be shared equally by Buyer and Dentsply. Buyer and Dentsply shall furnish to the Neutral Auditor such work papers and other documents and information relating to the disputed issues as the Neutral Auditor may request and are available to that party, and Buyer and Dentsply shall be afforded the opportunity to present to the Neutral Auditor any material relating to the determination and to discuss the determination with the Neutral Auditor. The Neutral Auditor shall determine only those issues still in dispute and shall apply appropriate accounting standards in reaching such determination. The Neutral Auditor's determination shall be made within thirty (30) days of its selection, shall be set forth in a written statement delivered to Dentsply and Buyer, and shall be final, binding and conclusive, except for manifest error.

(d) "Neutral Auditor" shall mean KPMG LLP, or, in the event KPMG LLP has an actual conflict of interest at the time such dispute is to be submitted to it, to another public accounting firm mutually agreed on by the parties, or if the parties cannot agree on such firm within thirty (30) days after the conclusion of the Resolution Period, a USA national or large regional public accounting firm chosen by lot from a group of four (4) comprised of two (2) such firms nominated by each party (which shall not include a firm that has an existing relationship with either party). The failure of one party to submit the names of two such firms within five (5) business days of a written request to do so by the other party shall constitute a waiver of that right.

(e) Any adjustments to the Purchase Price made pursuant to this Section 2.3 shall, within five (5) business days after the determination is agreed to by Buyer and Dentsply or is ultimately determined by the Neutral Auditor, be paid by wire transfer in immediately available funds to the account specified by the party to whom such payment is owed.

2.4 Assumption of Obligations; Retention of Excluded Obligations.

(a) Buyer shall assume the obligations and liabilities described on Schedule 2.4, Assumed Obligations, and only the Assumed Obligations, as of the Closing. Buyer shall perform all Assumed Obligations and shall promptly reimburse Sellers for the reasonable out-of-pocket cost of performance actually incurred by Sellers in performing any Assumed Obligation the performance of which by Buyer is not accepted by the obligee in the exercise of such obligee's lawful rights.

(b) Sellers shall retain the Excluded Obligations. Sellers shall perform all Excluded Obligations and shall promptly reimburse Buyer for the reasonable out-of-pocket cost of performance actually incurred by Buyer in performing any Excluded Obligation the performance of which any Seller is legally obligated to provide but is not provided by Sellers.

2.5 Proration. Real and personal property Taxes and assessments and other similar items which relate to an obligation with regard to the Assets for a time period which does not coincide with the Closing Date, shall be prorated between Sellers and Buyer based on the number of days in the period up to the Closing Date and after the Closing Date, and all other Taxes shall be prorated between Buyer and Sellers as if the tax period ended as of the close of business at 12:01 a.m. on the Closing Date, in each case with Sellers being responsible for payment of all such items with respect to the period before the Closing and Buyer being responsible for all such items with respect to the period after the Closing, regardless of when levied or due.

2.6..Instruments of Transfer and Assumption; Deliverables.

(a) Sellers shall deliver to Buyer the following at the Closing (the delivery of any of which may be waived in writing by Buyer):

(i) Assignment and Assumption Agreement. An Assignment and Assumption Agreement in a form reasonably acceptable to the parties duly executed by the appropriate Seller(s);

(ii) Bill of Sale. A Bill of Sale selling, assigning, conveying and transferring the Assets to Buyer free and clear of all Encumbrances in a form reasonably acceptable to the parties duly executed by the appropriate Seller(s);

(iii) Sublease. A Sublease in the form attached hereto as Exhibit 2.6A duly executed by the appropriate Seller(s);

(iv) Patent Assignment. A Patent Assignment assigning Sellers entire right, title and interest in any Patents included in the Assets in a form reasonably acceptable to the parties duly executed by the appropriate Seller(s);

(v) Trademark Assignment. A Trademark Assignment assigning Sellers entire right, title and interest in any Trademarks included in the Assets in a form reasonably acceptable to the parties duly executed by the appropriate Seller(s);

(vi) Opinion of Counsel. An opinion of Dentsply's General Counsel, dated the Closing Date, in a form reasonably acceptable to the parties;

(vii) Secretary's Certificate. A certificate executed by the Secretary of Dentsply certifying the due authorization of the Transactions contemplated herein by the Sellers and specimen signatures of the officers of Sellers authorized to sign this Agreement and the other documents contemplated hereby;

(viii).....Encumbrance Releases. Releases of all encumbrances (other than Permitted Encumbrances) on the Assets;

(ix) Consents. The consents from the other party to assignment of the Material Contracts identified on Schedule 2.6(a)(x);

(x) Manufacturing Agreement. A Manufacturing Agreement in the form attached hereto as Exhibit 2.6B duly executed by the appropriate Seller(s);

(xi) Representative Agreement. A Representative Agreement in the form attached hereto as Exhibit 2.6C duly executed by the appropriate Seller(s); and

(xii) Non-Compete Agreement. A Non-Compete Agreement as agreed to by the parties.

(b) Buyer shall deliver to Dentsply the following at the Closing (the delivery of any of which may be waived in writing by Seller):

(i) Initial Payment. The Initial Payment by wire transfer of immediately available funds;

(ii) Assignment and Assumption Agreement. An Assignment and Assumption Agreement in a form reasonably acceptable to the parties duly executed by Buyer;

(iii) Sublease. A Sublease in the form attached hereto as Exhibit 2.6A duly executed by Buyer;

(iv) Opinion of Counsel. An opinion of Wilmer, Cutler & Pickering, counsel to Buyer, dated the Closing Date, in a form reasonably acceptable to the parties;

(v) Secretary's Certificate. A certificate executed by the Secretary of Buyer certifying that the due authorization of the Transactions contemplated herein by the Buyer and specimen signatures of the officers of Buyer authorized to sign this Agreement and the other documents contemplated hereby;

(vi) Manufacturing Agreement. A Manufacturing Agreement in the form attached hereto as Exhibit 2.6B duly executed by Buyer;

(vii) Representative Agreement. A Representative Agreement in the form attached hereto as Exhibit 2.6C duly executed by Buyer; and

(viii).....Non-Compete Agreement. A Non-Compete Agreement as agreed to by the parties.

(c) Before, at and after the Closing, Sellers shall take such reasonable and practicable steps to put Buyer in actual possession and operating control of the Assets as of the Closing. Without limiting the foregoing, as between Buyer and Sellers, Buyer shall have the unlimited right to possess and control the Assets as of the Closing, except as provided otherwise in this Agreement.

2.7..Consents.

(a) Buyer and Sellers shall cooperate in securing before and after the Closing the prompt consent, approval, waiver or permit from each person or Governmental Authority whose consent, approval, waiver or permit is necessary to the Closing or for the conduct of the Business by Buyer after the Closing. The initial Hart-Scott-Rodino filings shall be made by Buyer and Dentsply within ten (10) business days after the date hereof and diligently prosecuted thereafter, looking toward a timely Closing. Buyer and Sellers agree to comply with other reasonable requests for information from Governmental Authorities, to the extent required by applicable Law. The parties will make all other filings required by any applicable antitrust or competition laws of any other jurisdiction as soon as practicable. Except as may be restricted by applicable Law, (i) the parties hereto shall cooperate with each other with respect to the obtaining of information needed for the preparation of the Notification and Report Forms required to be filed pursuant to Hart-Scott-Rodino or the applicable Law of any other jurisdiction in connection with the transactions contemplated hereby, (ii) the parties shall use reasonable efforts and shall cooperate in responding to any written or oral requests from Governmental Authorities for additional information or documentary evidence, and (iii) the parties shall cooperate and shall provide notice and opportunity to consult regarding all meetings with Governmental Authorities, whether in person or telephonic, and regarding all written communications with Governmental Authorities, in each case in connection with the transactions contemplated hereby. Notwithstanding this Section 2.7 or any other provision of this Agreement, for purposes of or in connection with obtaining clearance or approval from any Governmental Authority of the transaction described in this Agreement, Buyer shall not be obligated to (and shall not be obligated to cause any of its Affiliates to), agree to divest, hold separate or otherwise materially restrict the use or operation of any business or assets of Buyer (or any of its Affiliates) or agree to divest, hold separate or otherwise materially restrict the use or operation of the Business or Assets.

(b) Nothing in this Agreement shall be deemed to constitute or require an assignment or an attempt to assign any Contract if the attempted assignment thereof, without the consent of any other party to such Contract, would constitute a breach thereof or adversely affect in any way the rights of any of the Sellers and its assignee thereunder. If, after Sellers shall have used commercially reasonable efforts (which shall not include or require the payment of additional amounts) to obtain such consents from any such third party, any such consent shall not have been obtained at or prior to the Closing, or the attempted assignment of such Contract without such consent at the Closing would have an adverse effect on such rights or Buyer would not in fact receive such rights, Sellers shall continue to use commercially reasonable efforts following the Closing to obtain such consent or, at Buyer's request, Sellers shall cooperate with Buyer in any reasonable arrangement, which shall not require additional cost or expense to Sellers (except for costs and expenses for which Buyer agrees to reimburse Sellers), designed to provide for Buyer the benefits thereunder, including enforcing for the benefit of Buyer, at Buyer's expense, any rights of Sellers against any such third party arising out of the breach or cancellation thereof by any such third party or otherwise. Nothing in this Section 2.7(b) shall be deemed to negate, limit or satisfy the deliveries required by Section 2.6(a)(x).

2.8..Further Assurances.

(a) Buyer and Sellers shall each, from time to time after the Closing, at the request of the other and without further consideration, promptly execute and deliver such further instruments of assignment, transfer or assumption, and take such further action as the other may reasonably request in order to effectively transfer, reduce to possession and record title to any of the Assets, to permit Buyer to operate the Business or to implement the assumption of the obligations described in Section 2.4.

(b) Within six (6) months after the Closing, Buyer shall, at its expense, prepare and submit to Sellers for signature the documentation necessary to record the transfers of the trademarks, patents and any applications therefor included in the Assets. Buyer shall thereafter exert reasonable efforts to promptly complete the recordation of such transfers. After the Closing, Sellers' obligation with respect to the maintenance of any Assets which are the subject of this Agreement, including trademark registrations, patents and patent applications not yet formally transferred to Buyer, shall be limited to prompt transmittal to Buyer of written notices relating thereto which are received by any of the Sellers.

(c) Subsequent to Closing, Buyer shall take no action for the purpose of diminishing Sellers' ability to collect outstanding accounts receivables for Products sold by Sellers prior to Closing. This provision shall in no way restrict Buyer from operating the Business in the ordinary course.

(d) Subsequent to Closing, Sellers shall take no action for the purpose of diminishing Buyer's ability to collect outstanding accounts receivables for Products sold by Buyer after Closing or the accounts receivable included in the Assets. This provision shall in no way restrict Sellers from collecting accounts receivable or conducting its business in the ordinary course. To the extent customers submit payment to Sellers of EU Receivables after Closing, Sellers shall promptly deliver such payment to Buyer (and in any event no later than five (5) business days after receipt).

2.9 Sales and Transfer Taxes; Fees. All sales, transfer, documentary, use, filing and other Taxes and fees (including, without limitation, withholding, excise and customs taxes) applicable to the sale, assignment, transfer or delivery of the Assets hereunder shall be borne equally by Buyer and Sellers. To the extent the sale of any of the Assets is subject to VAT or any similar such tax, Sellers shall be entitled to charge such Tax to Buyer in addition to the Purchase Price by presenting a bill corresponding to the applicable Tax.

2.10 Relocation of Assets. Buyer shall determine and advise Sellers within ninety (90) days of Closing where the Assets are to be delivered (other than inventory at Intercompany locations which may be left in place as consigned goods pursuant to the Representative Agreement). The costs of relocating Assets, to the extent necessary, from Sellers' premises to Buyer's premises shall be borne by Buyer. Such costs shall include, without limitation, delivery and transportation costs, dismantling, engineering costs associated with removing machinery and equipment and making consequent repairs to the vacated space for any damage or injury caused by such removal. The parties shall agree on a reasonable schedule for such relocation of Assets after the Closing, taking into account the need and capabilities of their Affiliates and the objective to complete such relocation on a reasonably prompt basis.

2.11 Transferred Employees. Buyer shall offer to continue the current employment, as of Closing, of all employees of the Business as required by local law, and the employees of the Gendex Operating Units, except as set forth in Schedule 4.12. To the extent required by the any of the agreements identified in Schedule 4.8(b) or (c) or local law, Buyer shall provide to Transferred Employees substantively similar terms and conditions of employment as provided to Transferred Employees prior to Closing, excluding the benefits derived from the DENTSPLY International Employee Stock Ownership Plan. In the event of termination by Buyer of a Transferred Employee within six (6) months of the Closing ("Terminated Employee"), such Terminated Employee(s) shall receive a severance payment from Buyer in accordance with applicable Sellers' severance plan in effect as of September 30, 2003 or as required by law, calculated with credit for service with Sellers.

ARTICLE III - CONDITIONS PRECEDENT

3.1 Conditions to Buyer Closing. Except as may be waived by Buyer, the obligation of Buyer to close the transaction described herein is subject to the fulfillment of the following conditions: (i) the waiting period (and any extension thereof) under Hart-Scott-Rodino or under any other material applicable domestic or foreign Laws that suspends the right to close the transactions contemplated hereby shall have expired without any action being filed by the government thereunder; (ii) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or provision challenging Buyer's proposed acquisition of the Business or limiting or restricting Buyer's operation of the Business following the Closing shall be in effect, nor shall any proceeding brought by an administrative agency or commission or other Governmental Authority, seeking any of the foregoing be pending, nor shall there be any action, suit, claim or proceeding of any nature pending with respect to the Business, that if decided adversely, would, individually or in the aggregate, be likely to result in a Material Adverse Effect; (iii) Sellers shall have performed or complied in all material respects with all obligations, agreements and covenants contained in this Agreement (or in any of the other documents or instruments to be delivered in connection herewith) to be performed or complied with by Sellers prior to the Closing; (iv) as of the date of this Agreement, to Sellers' knowledge, the representations and warranties of Sellers contained in this Agreement that are qualified with respect to materiality or Material Adverse Effect are true and correct in all respects, and any such representations and warranties that are not so qualified are true and correct in all material respects; (v) since the date of the Base Financial Statements, there shall not have been, individually or in the aggregate, any Material Adverse Effect or

any change or event that would, within a reasonable period of time, likely result in a Material Adverse Effect; (vi) Buyer shall have received a certificate signed by an executive officer of Dentsply dated as of the Closing, to the effect that all of the conditions to closing in Section 3.1 have been satisfied or waived by Buyer; and (vii) Sellers shall have made all deliveries required to be made at or prior to the Closing pursuant to this Agreement, including those set forth in Section 2.6(a). Payment of any portion of the Purchase Price shall be Buyer's waiver of any condition described in this paragraph.

3.2 Conditions to Sellers Closing. Except as may be waived by Dentsply, the obligation of Sellers to close the transaction described herein is subject to the fulfillment of the following conditions: (i) the waiting period (and any extension thereof) under Hart-Scott-Rodino or under any material applicable domestic or foreign Laws that suspends the right to close the transactions contemplated hereby shall have expired without any action being filed by the government thereunder; (ii) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or provision challenging Buyer's proposed acquisition of the Business, shall be in effect, nor shall any proceeding brought by an administrative agency or commission or other Governmental Authority, seeking any of the foregoing be pending; (iii) Buyer shall have performed or complied in all material respects with all obligations, agreements and covenants contained in this Agreement (or in any of the other documents or instruments to be delivered in connection herewith) to be performed or complied with by Buyer prior to the Closing; (iv) Dentsply shall have received a certificate signed by an executive officer of Buyer, dated as of the Closing, to the effect that all of the conditions to closing set forth in Section 3.2 have been satisfied or waived by Dentsply; and (v) Buyer shall have made all deliveries required to be made at or prior to the Closing pursuant to this Agreement, including those set forth in Section 2.6(b).

ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in this Agreement or the Schedules hereto, including specifically Schedule 4, Exceptions, Sellers jointly and severally represent and warrant to Buyer as of the date (except as otherwise stated within any such representation) of this Agreement and the Closing as follows:

4.1 Sellers Organization and Good Standing. Sellers are corporate entities duly organized, validly existing and in good standing under the laws of their state or country of formation, and have all requisite corporate power to execute, deliver and perform this Agreement and carry on their business as is now being conducted. Sellers are duly authorized and qualified to do business under all applicable Laws to own, lease and operate their properties and to carry on their business in the places and in the manner as now being conducted, except where the failure to be so authorized or qualified does not and would not have, individually or in the aggregate, a Material Adverse Effect. Sellers are duly qualified to do business as a foreign corporation and are in good standing in each jurisdiction in which failure to be so qualified would have, individually or in the aggregate, a Material Adverse Effect.

4.2 Authority; Execution and Delivery. The execution, delivery and performance of this Agreement by Sellers, including, without limitation, the sale, assignment, transfer and delivery contemplated hereby, have been duly and effectively authorized by all requisite corporate action by Sellers. No other corporate proceedings on the part of Sellers are necessary to authorize this Agreement and the transactions contemplated hereby; and this Agreement has been duly executed and delivered by Sellers and constitutes the legal, valid and binding obligation of Sellers enforceable against Sellers in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights in general or general principles of equity.

4.3 Consents; No Conflicts. Subject to the provisions of this Agreement and satisfying the requirements of Hart-Scott-Rodino and similar applicable foreign Laws, the execution, delivery and performance by Sellers of this Agreement and the consummation by Sellers of the transactions contemplated hereby will not, with or without the giving of notice or the passage of time, (a) violate any Law, ordinance, rule or regulation, or any judgment, writ injunction or order of any court, arbitrator or Governmental Authority, applicable to Sellers in any manner which would have, individually or in the aggregate, a Material Adverse Effect, (b) constitute a violation of or conflict with any provision of the formation or governance documents of Sellers or any applicable resolution of the Board of Directors or stockholders of Dentsply, (c) require the consent, approval, permission or other authorization of or by or filing or qualification with any Governmental Authority, the failure of which to obtain would have, individually or in the aggregate, a Material Adverse Effect, (d) result in the creation of any Encumbrance upon the Assets under, or constitute a default or give rise to a right of termination under, any Material Contract, or (e) except as provided in clause (d),

result in the creation of any Encumbrance upon the Assets under, or constitute a default or give rise to a right of termination under, any material license, franchise, Contract, lease, mortgage, agreement or other instrument concerning the Business to which any of the Sellers is a party or by which any of the Assets is bound or from which it derives benefit, in any manner which would have, individually or in the aggregate, a Material Adverse Effect.

4.4 Legal Proceedings. There is no legal proceeding or other legal action (including arbitrations, governmental investigations or inquiries) pending or, to Sellers' knowledge, threatened against Sellers that could prevent the consummation of the transactions contemplated by this Agreement or affect Sellers' ability to perform their obligations under this Agreement and no notice of any such legal proceeding or other legal action has been received by Sellers.

4.5 Financial Information. Schedule 4.5, Financial Information, reflects the pro forma Net Sales and Income From Operations associated with the Business for the fiscal years ending December 31, 2001 and 2002, and the nine (9) months ending September 30, 2003, and the pro forma condensed balance sheet of the Gendex Operating Units as of September 30, 2003, as included in the Consolidated Financial Statements of Dentsply which Consolidated Financial Statements are prepared in accordance with Dentsply's accounting procedures and GAAP applied on a consistent basis, such Financial Information being prepared as described in the definitions of and notes reflected on Schedule 4.5. The Deal Balance Sheet as reflected in Schedule 4.5 reflects the pro forma condensed balance sheet of the Gendex Operating Units as described above and in Note 1 of the Financial Information as contained in Schedule 4.5, adjusted for assets and liabilities that are not being transferred under this Agreement as described in Note 2 to the Financial Information in Schedule 4.5.

4.6 Permits and Registrations. The Sellers or Sellers' Affiliates hold all material permits, product import and manufacturing and other licenses, franchises, product registrations and other authorizations ("Permits") of any Governmental Authority necessary for the conduct of the Business. All such Permits have been duly obtained and are in full force and effect. Sellers are in all material respects in compliance with all such Permits, and no event has occurred and is continuing which permits, or after notice or lapse of time or both would permit, and to Sellers' knowledge no Governmental Authority intends to modify, cancel, terminate or not renew any material Permit. To Sellers' knowledge, no Person other than Sellers, own or has any proprietary interest (direct or indirect) in any material Permit. Such Permits are assignable to Buyer and will not be lost, modified or otherwise unavailable to Buyer in a manner which would materially affect Buyer's ability to conduct the Business as heretofore conducted. There are no pending applications for any material amendments or modifications to any such Permits.

4.7 Absence of Certain Changes or Events. Since January 1, 2003, there has not been any: (a) change in the Business' assets, liabilities or operations, except for changes which have been in the ordinary course of business consistent with past practice and which have not, individually or in the aggregate, had a Material Adverse Effect; (b) creation of any material Encumbrances against any of the Assets, except the lien of current real and personal property taxes and other governmental charges incurred but not yet due and payable, or other non-material Encumbrances incurred in the ordinary course of business consistent with past practice; (c) entering into, material modification, cancellation or termination of any Contract material to the Business, other than in the ordinary course of business and in accordance with their respective terms; (d) any increase in salary, bonuses or other compensation of the hourly and salaried employees of the Business, except in the ordinary course of business consistent with past practice, nor any entering into, amendment or termination in any material respect of any Seller Benefit Plan, Seller Benefit Arrangement, employment, severance, or other agreement relating to compensation or fringe benefits covering employees of the Business; (e) change in accounting methods or practices (including any change in depreciation or amortization policies or rates, or policies with respect to reserves for uncollectible accounts receivable or excess or obsolete inventory) or the revaluation of any assets of the Business (including the Assets); (f) material failure to operate the Business in the ordinary course consistent with past practice; or (g) negotiation or agreement by Sellers or any officer or employee thereof to do any of the things described in the preceding clauses (a) through (f) (other than negotiations in connection with the transactions of the type contemplated in this Agreement).

4.8 Contracts.

(a) "Material Contract" shall mean any Contract (other than purchase orders in the ordinary course of business consistent with past practice) related to the Business or any Asset: (i) that may give rise to obligations or Liabilities exceeding $125,000 in any calendar year period (or the equivalent value in the applicable currency); (ii) containing any non-solicitation, non-competition, confidentiality or similar obligations which prohibits Sellers, in connection with the Business, from freely providing services or supplying products of the Business to any customer or potential customer in any part of the world; (iii) for cleanup, abatement or other actions in connection with any Hazardous Material, the remediation of any existing environmental Liabilities or violation of any Environmental Laws; or (iv) any license agreement relating to material Business Intellectual Property.

(b) Schedule 4.8(b), Material Contracts, sets forth a complete and accurate list of all Material Contracts and constitutes all the Material Contracts in connection with the Business as conducted by Sellers. Each Material Contract, is in full force and effect and is a legal, valid, binding and enforceable obligation of or against each of the parties thereto. Except for breaches or defaults which have been cured and for which the breaching party has no Liability, none of the Sellers nor, to Sellers' knowledge, any other party to any Material Contract, has breached or defaulted in any material respect under, or has improperly terminated, revoked or accelerated, any Material Contract, and to Sellers' knowledge, there exists no condition or event which, after notice or lapse of time or both, would constitute any such breach, default, termination, revocation or acceleration.

(c) Schedule 4.8(c) lists all Contracts (other than purchase orders in the ordinary course of business consistent with past practice) involved in the Business at the Gendex Operating Units which give rise to obligations or liabilities in excess of $50,000 in any calendar year period. Collectively, the Material Contracts and the Contracts listed on Schedule 4.8(c) are referred to herein as the "Scheduled Contracts."

4.9 Assets. Schedule 4.9, Fixed Assets, reflects all material items of machinery and equipment ("Fixed Assets") which are Assets hereunder. Except as set forth on Schedule 4.9 as excluded assets, the Fixed Assets constitute all machinery and equipment used in the Business as currently conducted by Sellers. Sellers have good and marketable title to, a valid leasehold in, or valid license or right to use, all Fixed Assets to be transferred to Buyer free and clear of all Encumbrances, except (a) the lien of current real and personal property taxes and other similar governmental charges incurred but not yet due and payable, (b) worker's, mechanic's, supplier's, carrier's, warehouseman's or other similar liens arising in the ordinary course of business consistent with past practice, and (c) such imperfections of title and Encumbrances, if any, as do not, individually or in the aggregate, materially detract from the value, or materially interfere with the present use, of the Assets or otherwise materially impair the operations of the Business (the liens described in clauses (a)-(c), "Permitted Encumbrances"). Each item of tangible personal property included in the Fixed Assets is in operating condition for the Business as currently conducted (ordinary wear and tear which are not such as to materially adversely affect the operation of the Business excepted). Except as set forth in the Schedules , the Fixed Assets (together with the Business Intellectual Property, the Real Property, the Scheduled Contracts, the Inventory and the Contracts assigned to Buyer pursuant to Section 1.3(c)), constitute all of the material assets, rights and properties used for the conduct of

the Business as currently conducted by the Sellers and their Affiliates, other than at the Intercompany Locations, and for such Locations, constitute all of the material assets, rights and properties used primarily for the conduct of the Business as currently conducted.

4.10 Inventory. The values at which the Inventory of the Business is carried and set forth on the Base Financial Statements reflect the valuation policy of stating Inventories at cost or market, whichever is lower, on a first-in, first-out basis or average cost method, and reflect adequate write-offs, write-downs and reserves for damaged, defective, excess, slow-moving or obsolete items, computed in accordance with GAAP consistent with Sellers' past practices (except as reflected in the Notes to Schedule 4.5). The Inventory of the Business (net of all reserves for obsolete, excess, slow-moving and defective Inventory reflected on the Base Financial Statements), is usable or salable in the ordinary course of business consistent with past practice, conforms to the specifications established therefor, and includes (except as reserved as noted above) no damaged, defective, excess, slow-moving, or obsolete items.

4.11 Intellectual Property.

(a) Definitions.

(i) "Copyrights" shall mean registered and unregistered copyrights, copyright registrations, renewals thereof, and applications to register the same.

(ii) "Domain Names" shall mean Internet domain names.

(iii) "Intellectual Property" shall mean Trademarks, Patents, Copyrights, Software, Domain Names, Internet Sites, Licenses-In, Licenses-Out, Proprietary Rights and the goodwill associated therewith.

(iv) "Internet Sites" shall mean URLs, and Internet web-sites and the content thereof.

(v) "Licenses-In" shall mean licenses, sublicenses and agreements pursuant to which the Sellers have acquired rights in or to any of the Trademarks, Patents, Copyrights, Software, Domain Names or Proprietary Rights.

(vi) "Licenses-Out" shall mean licenses, sublicenses and agreements pursuant to which any of the Sellers have licensed or transferred any rights to any of the Trademarks, Patents, Copyrights, Software, Domain Names or Proprietary Rights.

(vii) "Patents" shall mean issued foreign and domestic patents, patent rights, patent applications.

(viii) "Proprietary Rights" shall mean categories of trade secrets, trade dress, know-how, inventions, invention disclosures (whether or not patentable and whether or not reduced to practice), inventor rights, reports, discoveries, developments, research and test data, blueprints, technology, ideas, compositions, quality records, engineering notebooks, models, processes, procedures, prototypes, patent records, manufacturing and product procedures and techniques, troubleshooting procedures, failure/defect analysis data, drawings, specifications, designs, ingredient or component lists, formulae, plans, proposals, technical data, copyrightable works, financial, marketing, customer and business data, pricing and cost information, business and marketing plans, selling information, marketing information, customer and supplier lists and information, and all other confidential and proprietary information.

(ix) "Software" shall mean software, computer programs, computer systems, modules and related data and databases and materials.

(x) "Trademarks" shall mean registered and unregistered trademarks, trademark registrations, trademark rights and renewals thereof, trade names, trade name rights, servicemarks, servicemark registrations and renewals thereof, servicemark rights, and all applications to register the same.

(xi) "Transferred Software" shall mean (i) in the case of Software subject to standard, off-the-shelf, non-exclusive shrinkwrap software licenses granted to end-user customers by third parties in the ordinary course of such third parties' business, all such Software used by Sellers exclusively in the Business, and (ii) in the case of all other Software, such Software used by Sellers primarily in the Business.

(b) Schedules 4.11 A, B and C collectively set forth a complete list, in each case, of (i) all United States and foreign Trademarks and Patents owned and/or used in connection with the Business as conducted by Sellers, (ii) Domain Names, and Internet Sites used by Sellers exclusively in the Business, and (iii) Licenses-In and Licenses-Out of Patents and Trademarks in connection with the Business (collectively, the "Listed Intellectual Property").

(c) Each item of Listed Intellectual Property is subsisting, and all necessary registration, maintenance and renewal fees currently due in connection with such Listed Intellectual Property have been paid and all appropriate documents and certificates in connection with such Listed Intellectual Property have been filed with the relevant patent, copyright, trademark or other authorities in the United States or foreign jurisdictions, as the case may be, as necessary for maintaining or prosecuting such Listed Intellectual Property in the countries indicated on the Schedule.

(d) Sellers own and have good and marketable title to, or possess legally enforceable and transferable rights to use under valid and subsisting written license agreements (each of which is listed on Schedule 4.8 and true and correct copies of which have been provided to Buyer), each item of Listed Intellectual Property, Transferred Software and each other item of Intellectual Property primarily used in the Business as currently conducted by Sellers (such Transferred Software and other Intellectual Property, together with the Listed Intellectual Property, the "Business Intellectual Property"), in each case free and clear of any Encumbrances (excluding licenses and related restrictions disclosed on any schedule hereto).

(e) The Business Intellectual Property and operations of Sellers in conducting the Business (including the performance of any Contract) as conducted in the past and as now conducted have not and do not, to Sellers' knowledge, (i) infringe on any Intellectual Property of any third party, (ii) constitute a misappropriation of any Intellectual Property of any third party, (iii) entitle any third party to any interest therein, or right to compensation from any Seller or any of its successors or assigns, by reason thereof (excluding licenses), or (iv) violate any applicable Law. Sellers have not received any written complaint, threat, allegation, invitation to license, or assertion of any claim, litigation, or proceeding that the Business Intellectual Property or operations of Sellers in conducting the Business infringe upon or conflict with the rights of any third party Intellectual Property.

4.12.Employee Matters.

(a) With respect to employees of the Business, the following terms shall have the following meanings:

(i) "Benefit Arrangement" shall mean any benefit arrangement, obligation, or practice, whether or not legally enforceable, to provide benefits (other than merely as salary or under a Benefit Plan), as compensation for services rendered, to present or former directors, employees, agents, or independent contractors, including, but not limited to, employment or consulting agreements, severance agreements or pay policies, stay or retention bonuses or compensation, executive or incentive compensation programs or arrangements, sick leave, vacation pay, plant closing benefits, salary continuation for disability, workers' compensation, retirement, deferred compensation, bonus, stock option or purchase plans or programs, patent award, tuition reimbursement or scholarship programs, employee discount programs, meals, travel, or vehicle allowances, any plans subject to Code Section 125, and any plans providing benefits or payments in the event of a change of control, change in ownership or effective control or sale of a substantial portion (including all or substantially all) of the assets of any business or portion thereof, in each case with respect to any present or former employees, directors, or agents.

(ii) "Benefit Plan" shall have the meaning given in ERISA Section 3(3), together with plans or arrangements that would be so defined if they were not (A) otherwise exempt from ERISA by that or another section, (B) maintained outside the United States, or (C) individually negotiated or applicable only to one person.

(iii) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and all regulations and rules issued thereunder, or any successor law.

(iv) "ERISA Affiliate" shall mean any person or entity that, together with the entity referenced, would be or was at any time treated as a single employer under Code Section 414 or ERISA Section 4001 and any general partnership of which the entity is or has been a general partner.

(v) "Foreign Plan" shall mean any Benefit Plan or Benefit Arrangement covering any employee of the Business, which plan, program or arrangement is subject to the laws of any jurisdiction outside of the United States.

(vi) "Multiemployer Plan" shall mean any Benefit Plan described in ERISA Section 3(37).

(vii) "Pension Plan" shall mean any Benefit Plan subject to Code Section 412 or ERISA Section 302 or Title IV (including any Multiemployer Plan) or any comparable plan not covered by ERISA.

(viii)....."Seller Benefit Arrangement" shall mean any Benefit Arrangement any Seller sponsors or maintains or with respect to which any Seller has or may have any current or future liability (whether actual, contingent, with respect to any of its assets or otherwise), in each case with respect to any present or former employees of the Business.

(ix) "Seller Benefit Plan" shall mean any Benefit Plan that any Seller maintains or has previously maintained or to which any Seller is obligated to make payments or has or may have any liability, in each case with respect to any present or former employees of any Seller.

(b) Schedule 4.12, Employment Terms, describes the material Benefit Plans and arrangements in connection with the Business and the treatment of same in connection with the transactions contemplated in this Agreement.

(c) Dentsply has previously delivered to Buyer a list of employees employed exclusively in connection with the Business, including levels of compensation.

(d) No labor union or workers' council represents or has ever represented the employees of the Business and no collective bargaining agreement is or has been, to the Sellers' knowledge, binding against Sellers in connection with the Business. No grievance or arbitration proceeding arising out of or under collective bargaining agreements or employment relationships is pending; and no claims therefore exist or have, to the Sellers' knowledge, been threatened; no labor strike, lock-out, slowdown, or work stoppage is or has in the last five (5) years been pending or, to the Sellers' knowledge, threatened against the Business.

(e) Except as provided in Schedule 4.12, Employment Terms, or as otherwise provided in Section 2.11, Buyer will have no liability with respect to any Seller Benefit Plan or Seller Benefit Arrangement.

(f) All group health plans of Dentsply and its ERISA Affiliates comply and have complied with the requirements of Part 6 of Title I of ERISA (COBRA).

(g) Each Foreign Plan (i) has been maintained in all material respects in accordance with all applicable legal requirements and with its terms; (ii) to the extent it has qualified for special tax treatment, meets all requirements for such treatment; and (iii) if required to be registered, has been registered with the appropriate authorities and has been maintained in good standing with the appropriate regulatory authorities.

(h) Sellers comply and have complied in all material respects with all applicable domestic and foreign Laws relating to employees of the Business respecting employment and employment practices, terms and conditions of employment and wages and hours, and no claims, controversies, investigations, or suits are pending or, to Sellers' knowledge, threatened with respect to such Laws, either by private individuals or by governmental agencies.

(i) With respect to the employees of the U.S. Business, no Seller has effectuated in any way (i) a plant closing as defined in the Worker Adjustment and Retraining Notification Act of 1988, as amended from time to time (the "WARN Act"), affecting any site of employment or one or more operating units within any site of employment of any Seller or (ii) a mass layoff as defined in the WARN Act, nor has any Seller been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local Law. None of the employees of the Business have suffered an employment loss as defined in the WARN Act during the ninety-day period prior to the Closing.

4.13 Litigation. Except as set forth on Schedule 4.13, Litigation, there is no order, writ, injunction, judgment or decree outstanding or claim, suit, litigation or proceeding, pending or, so far as known to Dentsply, threatened against, relating to or affecting any Seller with respect to the Business or the transactions contemplated by this Agreement, to the extent any of the foregoing would, individually or in the aggregate, be material to the Business. Except as set forth on Schedule 4.13, no Product Liability Claims involving amounts in excess of $100,000.00, if adversely determined against the Business, have occurred in the last three (3) years.

4.14 Compliance with Laws. The Business has been and is currently conducted by Sellers without the violation of any applicable Law in a manner which would, individually or in the aggregate, materially affect the Business and no claim has been alleged or, to Sellers' knowledge, threatened, asserting Sellers' violation of, Liability for, or potential responsibility in any material respect, under any Law in connection with Sellers operation of the Business. No Product has experienced any safety or efficacy problems that would materially change its approved indications as a result of any adverse experience report received by Sellers, and no material change in the labeling of any Product has been required by any governmental or regulatory body, or determined to be implemented by Sellers, as a result of such an adverse experience report. There is no pending, or to Sellers' knowledge, threatened notice of non-compliance or impending regulatory action from any USA or foreign Government Authority with respect to the Assets, Products or the Business.

4.15 Product Warranties. The terms of Sellers' standard product warranties and extended warranties sold by or on behalf of Sellers relating to Products have been provided to Buyer. Except as set forth therein or in Schedule 4.15, Sellers have made no express warranty with respect to any Product. Schedule 4.15, Warranty, reflects the warranty reserve maintained by Dentsply for the Business as of the date reflected therein. Such warranty reserve has been established in the ordinary course of business and is consistent with the historical warranty experience of the Business. To Sellers' knowledge, (a) there are no statements, citations or decisions by any Governmental Authority or any product testing laboratory stating that any product of the Business is unsafe or fails to meet any applicable standards promulgated by such Governmental Authority or testing laboratory, (b) there is no material design, manufacturing or other defect in any model of the Products, and (c) there is no pending or threatened mandatory or voluntary product recalls with respect to any Products and (d) there is no fact relating to any Products that may impose a duty on Sellers to recall any Product. Schedule 4.15 sets forth a complete list of any product recalls relating to the Products in the five (5) years prior to this Agreement.

4.16 Receivables. The Third Party Receivables of the EU Business ("EU Receivables") are valid and enforceable claims against customers for goods or services delivered or rendered in the ordinary course of business consistent with past practice. No portion of the EU Receivables is required or expected to be paid to any Person other than a Seller. The EU Receivables are current and collectible net of any reserves specifically applicable thereto set forth on the Base Financial Statement, determined in accordance with GAAP consistently applied. There is no contest, claim, or right of set-off, other than rebates and returns in the ordinary course of business consistent with past practice, under any Contract with any maker of an EU Receivable relating to the amount or validity of such EU Receivable.

4.17 Brokers. Except for UBS Securities LLC, Sellers have not engaged the services of any person to represent Sellers in the negotiation or conclusion of the transactions contemplated hereby.

4.18 Complete Copies of Contracts. Dentsply made available for inspection by Buyer true and complete copies of each document referenced in the Schedules to this Agreement, except for Excluded Assets.

4.19. Environmental Matters.

(a) "Environmental Laws" shall mean all federal, state, local, and foreign Laws and common law Liability, relating to pollution or protection of human health or the environment, including, Laws relating to indoor or outdoor releases or threatened releases, importation, manufacture, processing, use, treatment, storage, disposal, transport, or handling of hazardous substances, hazardous wastes, petroleum or petroleum by-products, or pollutants or contaminants of any kind.

.....(b) Except as set forth on Schedule 4.19, Environmental Matters, each Seller is and has been in material compliance with all applicable Environmental Laws with respect to the Business; no Seller has received within the last three (3) years and there are no pending communications (written or oral) from a Governmental Authority that alleges that Sellers are not in compliance with Environmental Laws with respect to the Business.

.....(c) Except as set forth on Schedule 4.19, there is no claim, action, cause of action, investigation, or notice (written or oral) with respect to the Business by any Governmental Authority or any other person pending or, to Sellers' knowledge, threatened, against Sellers or against any Person whose Liability Sellers have retained or assumed either contractually or by operation of law, pursuant to any Environmental Law.

.....(d) Except as set forth on Schedule 4.19, there is no asbestos contained in or forming part of any products of the Business currently or previously manufactured, distributed or sold by Sellers.

.....(e) Except as set forth on Schedule 4.19, to Sellers' knowledge, there are no past or present actions, activities, circumstances, conditions, events or incidents with respect to the Business that establish any Liability of any Seller or of any Person whose Liability Sellers has retained or assumed either contractually or by operation of law, pursuant to any Environmental Law.

4.20.Real Property.

(a) Schedule 4.20, Real Property, lists: (i) a description of each parcel of real property owned by any of the Sellers which is used exclusively in connection with the Business (the "Fee Real Property"); (ii) each lease, whether oral or written, of real property used exclusively in connection with the Business under which any Seller is a lessee, lessor, sublessee or sublessor, as so designated therein (the "Leases" and together with the Fee Real Property, the "Real Property"); and (iii) all options to acquire, sell or lease any real property interests exclusively in connection with the Business to which any Seller is a party ("Real Property Options").

(b) Except as set forth on Schedule 4.20, (i) all Leases are valid, binding, in full force and effect, free and clear of all Encumbrances, other than non-monetary items which do not and will not impair, in any material respect, the usefulness to the Business; (ii) no written notice of default or termination under the Leases has been received by Sellers and no uncured default on the part of Sellers exist thereunder; (iii) there are no restrictions that prevent Sellers from their continued use, occupancy and operation as used, occupied and operated in connection with the Business as currently conducted; (iv) Dentsply is not a "foreign person" as that term is defined in Section 1445 of the Code and any applicable regulations promulgated thereunder; (v) Sellers have not received notice from any municipal body or other public authority requiring work to be done or improvements to be made upon any of the Real Property; (vi) there are no Persons other than Sellers in possession of any Real Property leased by Sellers or any portion thereof; (vii) no condemnation or similar proceeding is pending or, to Sellers' knowledge, threatened, that would preclude or impair the use of any Real Property leased by Sellers, or any portion thereof, for the purposes for which it is currently used; (viii) there is not under any Lease any default by Sellers or, to Sellers' knowledge, any other party to any Lease, or any condition, event or act which would constitute such a default with the giving of notice or the passage of time, or both.

4.21 Significant Customers and Suppliers.

(a) Schedule 4.21(a), Significant Customers and Suppliers, sets forth (i) a true and correct customer list showing the ten (10) largest third party customers by gross purchases from the Gendex Operating Units during the nine (9) month period ended on the date of the Base Financial Statements (individually, a "Significant Customer" and collectively, the "Significant Customers"), and (ii) a true and correct supplier list showing (A) the ten (10) largest suppliers by gross sales to the Gendex Operating Units during the nine (9) month period ended on the date of the Base Financial Statements and, (B) any sole source Suppliers to the Business that are identified as a Material Contract on Schedule 4.8(b) ("Significant Supplier").

(b) Since January 1, 2003, no Significant Customer or Significant Supplier has (whether as a result of the transactions contemplated hereby or otherwise) (i) stopped, or to Sellers' knowledge indicated an intention to stop, trading with or supplying the Business, (ii) notified Sellers that it is going to materially reduce or discontinue business with the Sellers, or (iii) materially changed or notified Sellers that it is going to change the basic terms on which it does or will do business with Sellers in a manner which materially deviates from the past course of conduct or dealings with the Sellers.

4.22 Taxes.

(a) Definitions.

(i) "Tax" shall mean any tax or similar charge, impost, or levy imposed by a Governmental Authority, including, without limitation, any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, stamp, occupation, windfall profits, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, together with any interest, penalties, fines, or additions thereto, whether disputed or not.

(ii) "Tax Return" means any return (including information return), report, statement, schedule, notice, form, estimate or declaration of estimated tax relating to or required to be filed with any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax.

(b) Except as set forth on Schedule 4.22, Taxes:

(i) All Taxes owed by or with respect to the Business due on or before the Closing Date (whether or not shown on any Tax Return) have been paid in full on a timely basis.

(ii) There are (and immediately following the Closing there will be) no Encumbrances on the Assets relating to or attributable to Taxes, except for Taxes not yet due and payable. Sellers have no knowledge of any basis for the assertion of any Tax claims that, if adversely determined, would result in a material Encumbrance on the Assets or the Business.

4.23 Bank Accounts; Powers of Attorney. Schedule 4.23 sets forth a complete and accurate list of all bank accounts, safe deposit boxes and lock boxes of any Seller used primarily for the Business, including, with respect to each such account and lock box, the names in which such accounts or boxes are held. Schedule 4.23 also sets forth the name of each Person holding a general or special power of attorney from any Seller for use in connection with the Business and a description of the terms of such power.

4.24 Backlog. All pending customer orders for the Business were entered into in the ordinary course of business consistent with past practice. No such customer orders are at prices which, based on the past experience of Sellers and current and anticipated costs, are or can reasonably be expected to result in a material loss to the Business.

4.25 Unlawful Payments. To Sellers' knowledge, neither Sellers nor any director, officer, employee, stockholder, agent or representative of (or any other Person associated with or acting for or on behalf of) Sellers, have directly or indirectly (i) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of what form, whether in money, property, or services (A) to obtain favorable treatment for the Business or to secure Contracts, (B) to obtain special concessions or for special concessions already obtained for the Business, or (C) in violation of any legal requirement in connection with the Business.

4.26 Absence of Claims; Business Relationships With Affiliates. Except as set forth in Schedule 4.26, no Affiliate of Dentsply as of Closing will have any claim or cause of action against the Buyer or the Business and there are no arrangements with any Affiliates related to the Business the discontinuance of which would have, individually or in the aggregate, a Material Adverse Effect.

4.27 Books and Records. Sellers have made and kept business records in the ordinary course of business (which might include financial books and records, sales order files, purchase order files, engineering order files, warranty and repair files, supplier lists, customer lists, dealer, representative and distributor lists, studies, surveys, analyses, strategies, plans, forms, designs, diagrams, drawings, specifications, technical data, production and quality control records and formulations) (collectively, "Books and Records") which reflect the activities of the Business.

4.28 Trade Accounts Payable. The Trade Payables as shown in the Base Financial Statements reflects the gross amount of Third Party Payables due to non-affiliates for goods and services provided, compiled in accordance with GAAP as of the date of the Base Financial Statements.

ARTICLE V - REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as of the date of this Agreement and Closing as follows:

5.1 Buyer's Organization, Power, Execution. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to execute, deliver and perform this Agreement and carry out the transactions contemplated hereby. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Buyer, and this Agreement has been duly executed and delivered by Buyer and constitutes a valid and legally binding obligation of Buyer in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights in general or general principles of equity.

5.2 Non-Violation. Subject to satisfying the requirements of Hart-Scott-Rodino and similar applicable foreign laws, the execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby will not, with or without the giving of notice or the passage of time, (a) violate any law, ordinance, rule or regulation, or any judgment, writ injunction or order of any court, arbitrator or governmental, administrative or self-regulatory authority, applicable to Buyer in any manner which would materially adversely affect the rights of any Seller under this Agreement, (b) constitute a violation of or conflict with any provision of the certificate of incorporation or by-laws of Buyer, or (c) require the consent, approval, permission or other authorization of or by or filing or qualification with any court, arbitrator or governmental, administrative or self-regulatory authority, the failure of which to obtain would materially adversely affect the rights of any Seller under this Agreement.

5.3 Legal Proceedings. There is no legal proceeding or other legal action pending or, to Buyer's knowledge, threatened against Buyer that could prevent the consummation of the transactions contemplated by this Agreement or materially affect Buyer's ability to perform its obligations under this Agreement or the Ancillary Agreements.

5.4 Brokers. Buyer has not engaged the services of any person to represent Buyer in the negotiation or conclusion of the transactions contemplated hereby.

5.5 Cash Resources. Buyer has an amount of cash or readily available financing which is sufficient to pay the Purchase Price at Closing, as well as all Buyer-related fees and expenses associated with such transaction.

ARTICLE VI - COVENANTS OF SELLER

Sellers covenant and agree as follows:

6.1 Conduct of the Business. Except as otherwise permitted by this Agreement or consented to by Buyer in writing, Sellers shall conduct the Business in the ordinary course consistent with past practice. Without limiting the foregoing, Sellers shall maintain the Assets in the condition existing at the time of this Agreement (ordinary wear and tear excepted), keep in full force and effect its present insurance policies or other comparable insurance coverage with respect to the Business, comply with, and perform in all material respects obligations under, all Scheduled Contracts, all applicable Laws and all Permits related to the Business and use commercially reasonable efforts (payment of additional costs or liabilities outside the ordinary course of business shall not be considered reasonable) to preserve intact its present business organization, to keep available the services of its present employees, and to preserve its relationships with customers, suppliers and others having business dealings with it.

6.2 Certain Changes. Except as otherwise permitted by this Agreement, consented to by Buyer in writing or disclosed in the Schedules hereto between the signing of this Agreement and the Closing, Sellers shall not: (a) subject any of the Assets to any material Encumbrance; (b) dispose of any of the Assets, or any interest therein except in the ordinary course of business consistent with past practice; (c) grant any material increase in compensation or benefits to any employee who will transfer to Buyer with the Business; (d) breach, terminate or allow the expiration of, waive any right under, or materially modify or amend, any Scheduled Contract or Material Permit, except in accordance with its terms; (e) make any capital expenditure in connection with the Business in excess of $100,000; or (f) take or agree to take (in writing or otherwise) any other action which will prevent the consummation of the transactions contemplated hereby or materially diminish the value of the Business.

6.3 Access to Information. Sellers shall afford to the officers and authorized representatives of Buyer access to, in the form in which it is kept by Sellers for the normal operation of the Business (i) all of the Assets (including the Real Property) and Books and Records related to the Business and (ii) such additional financial and operating data and other information relating to the Business as Buyer may from time to time reasonably request, including access upon reasonable request to the Business's employees, customers, vendors, suppliers and creditors. Sellers shall reasonably cooperate with Buyer, its representatives, auditors and counsel in the preparation of any documents or other material which may be required in connection with this Agreement.

6.4 Exclusivity. Sellers shall, and shall direct their respective officers, directors, employees, representatives, agents and Affiliates, to, discontinue and cease any existing discussions or negotiations, if any, with any parties with respect to any purchase or acquisition of all or a material portion of the Assets related to the Business (each, an "Acquisition Transaction"). Each Seller agrees that prior to the earlier of the Closing or the termination of this Agreement, it shall not, and shall not authorize or permit any of its officers, directors, employees, representatives, agents and Affiliates, directly or indirectly to solicit, initiate or encourage, or furnish or disclose information in furtherance of, any inquiries or the making of any proposal with respect to any Acquisition Transaction or negotiate, explore or otherwise engage in substantive discussions with any Person with respect to any Acquisition Transaction or enter into any agreement, arrangement or understanding requiring it to abandon, terminate or fail to consummate any of the transactions contemplated by this Agreement.

6.5 VAT Refund. Sellers shall provide to Buyer the benefit of that portion of the VAT refund due from the Governmental Authority in Italy to Italia (the "VAT Refund"), and which is solely attributable to the business operations of the EU Business located in Cusano Milanino, Italy, as reflected in, and as of the date of, the Deal Balance Sheet. As of that date, the VAT Refund is equal to 1,987,818 Euro (the "VAT Refund Amount"). In the event that after good faith efforts, Buyer is unable to obtain the full benefit of the VAT Refund Amount from the Governmental Authority in Italy within the six month anniversary date of Closing, Sellers shall pay to Buyer that portion of the VAT Refund Amount that Buyer does not obtain from the Governmental Authority in Italy (the "VAT Differential"), up to a total amount of $2,315,808, and Buyer shall assign all of its rights to its claims against the Governmental Authority for such amounts to the Sellers. In the event Buyer obtains the benefit of any portion of the VAT Refund after receiving payment of the VAT Differential from Sellers, Buyer covenants and agrees to return to Sellers that amount of the VAT Refund of which it obtains the benefit within 30 days of Buyer's receipt of each such refund.

ARTICLE VII - OTHER AGREEMENTS

7.1 Books and Records. For a period of not less than three (3) years from the Closing (plus any additional time during which a party has been advised that there is a tax audit with respect to a period prior to the Closing), Buyer and Sellers shall each, at the request of the other party, make available to such other party from time to time on a reasonable basis, records and other documents relating to the Business as kept in the ordinary course of business. Copies of such records and other documents shall be delivered to the other party upon such other party's request at any time and at such other party's out-of-pocket expense; provided, however, that (a) all such access and copying shall be done in a manner so as not to interfere unreasonably with the normal conduct of the operations of the party requested to provide the records or documents, and (b) the party requesting the documents and records shall treat such documents and records as confidential and not disclose such records or the contents thereof to any other person or entity except as required by applicable law or as authorized in writing by the disclosing party. In addition, after the Closing, at Dentsply's request and to the extent reasonably possible, Buyer shall make employees of the Business or their replacements available to Dentsply in connection with any matters related to activities of the Business prior to the Closing as reasonably requested by Sellers, provided that, Sellers shall reimburse Buyer for any out-of-pocket costs associated with making such employees available.

7.2 Bulk Sales Laws. Subject to all other terms of this Agreement, Dentsply and Buyer each waive compliance with any bulk sales laws applicable to the sale of the Assets or the transfer of the Business to Buyer; provided, however, that Sellers shall pay and discharge when due any and all claims of creditors in existence prior to Closing, which were not disclosed in any Schedule and which could be asserted against Buyer by reason of such non-compliance.

7.3 Allocation of Purchase Price and Tax Matters.

(a) The Purchase Price plus any Assumed Obligations, each to the extent properly taken into account under Section 1060 of the Internal Revenue Code of 1986 ("Code"), as amended, will be allocated generally as agreed by the parties. Dentsply and Buyer agree that they will adopt and utilize the amounts allocated to each asset or class of assets as agreed for purposes of all Tax Returns and reports (including without limitation IRS Form 8594) filed by each of them, and that each of them will not voluntarily take any position inconsistent therewith upon examination of any such Tax Return, in any refund claim, in any litigation or otherwise with respect to such income tax returns. The parties and their Affiliates shall timely file all forms and Tax Returns required to be filed in connection with the Allocation.

(b) Buyer shall prepare an allocation of the Purchase Price among the acquired assets in accordance with Code and any similar provisions of state, local, or foreign law, as appropriate. Buyer shall deliver such allocation to Sellers within 60 days after the Closing date. Sellers shall 30 days after receiving such allocation from Buyer to review and agree the allocation or to make amendments to the allocation. Once agreed, the Buyer and Sellers shall report, act and file tax returns in all respects consistent with such allocation so agreed.

(c) Sellers shall timely pay all Taxes that relate to the Assets or the Business and that were incurred in or are attributable to any Tax period (or portion thereof) ending on or before the Closing Date. Sellers shall prepare and file all necessary Tax Returns for the Business for all periods ending on or before the Closing Date. Such returns will be prepared and filed in accordance with applicable Law and in a manner consistent with past practices. Buyer shall timely pay all Taxes that relate to the Assets or the Business and that were incurred in or are attributable to any Tax period (or portion thereof) ending on or after the Closing Date. Buyer shall prepare and file all necessary Tax Returns for the Business for all periods ending on or after the Closing Date. Such returns will be prepared and filed in accordance with applicable Law.

7.4 No Implied Representations. Buyer and Sellers acknowledge that, except as expressly set forth in this Agreement, the Schedules, or in the agreements referenced herein, neither Buyer nor Dentsply has made or is making any oral or written representation or warranty to the other, implied or otherwise.

7.5 Currency Exchange. For purposes of the financial information referenced in this Agreement, the translation of currency was calculated as follows: (i) for income statement items, currency translations were done using the actual average rates for the period covered by the statement; and (ii) for balance sheet items, currency translations were done using the spot rate as of the balance sheet date.

7.6 Intercompany Effects. Dentsply has historically operated the Business through operating units, divisions and/or product lines of Intercompany Locations with corporate parent provision of certain services. Because of Sellers' intercompany structure, the financial information, assets, liabilities, revenues, and expenses of the Business are not necessarily indicative of what would have occurred had the Business operated as a stand-alone entity or of the future financial position or results or operations of the Business. Dentsply has provided information regarding support and financial relationships affecting the Business because of or resulting from these intercompany relationships. This Section 7.6 is not intended to modify the representations and warranties of Sellers set forth in Section 4.

7.7 Cause Conditions to be Satisfied. Sellers shall use commercially reasonable efforts to cause each of the conditions set forth in Section 3.1 hereof to be satisfied at or prior to the Closing. Buyer shall use commercially reasonable efforts to cause each of the conditions set forth in Section 3.2 hereof to be satisfied at or prior to the Closing. Each party hereto shall cooperate in obtaining all consents and approvals required by Section 2.6(a)(x) (the obtaining of which shall nonetheless be the responsibility of Sellers).

7.8 Notification of Certain Matters. Each party hereto shall give prompt notice to the other of the occurrence or non-occurrence of any event the occurrence or non-occurrence of which results in (i) any representation or warranty contained herein to be untrue or inaccurate in any material respect at or prior to the Closing, or which, individually or in the aggregate, results in a Material Adverse Effect and (ii) any material failure of such party to comply with or satisfy in a timely manner any covenant, condition or agreement to be complied with or satisfied by such party hereunder. The delivery of any notice pursuant to this Section 7.8 shall not, without the express written consent of the other party hereto (which consent may be withheld in their respective sole discretion) be deemed to (A) modify the representations, warranties, covenants or agreements hereunder of the party delivering such notice, or any of the Schedules (B) modify any of the conditions set forth in Article III, (C) cure or prevent any such inaccuracy or failure, or (D) limit or otherwise affect the remedies available hereunder or otherwise to the party receiving such notice.

7.9 Transitional Services Agreement. Contemporaneously with the execution of this Agreement, the parties shall execute a Transitional Services Agreement in the form attached as Exhibit 7.9.

ARTICLE VIII - TERMINATION

8.1 General Termination. This Agreement may be terminated at any time prior to the Closing: (i) by the mutual consent of Dentsply and Buyer; (ii) by Dentsply or Buyer if any Governmental Authority of competent jurisdiction shall have issued any judgment, injunction, order or decree prohibiting, enjoining, restraining or otherwise materially conditioning the transactions contemplated hereby and such judgment, injunction, order or decree shall have become final and nonappealable; provided, however, that either party may only exercise its right to terminate this Agreement pursuant to this Section 8.1(ii) if it has used commercially reasonable efforts to prevent and remove such judgment, injunction, order or decree and it has not been removed within one hundred twenty (120) days of the date of this Agreement; (iii) by Dentsply or Buyer if any statute, rule, regulation or executive order promulgated or enacted by any Governmental Authority of competent jurisdiction after the date of this Agreement which prohibits the consummation of the transactions contemplated hereby shall be in effect; (iv) by Dentsply or Buyer, after the date which is one hundred twenty (120) days after the date of this Agreement, if any of the conditions to Closing hereunder have not been fulfilled; provided, however, Buyer shall not have the right to terminate this Agreement pursuant to this Section 8.1(iv) if the misrepresentation, inaccuracy or breach of any representation or warranty made by Buyer, or Buyer's default or failure to

fulfill any covenant or obligation, pursuant to this Agreement has been the primary cause of, or resulted in, the failure of the Closing to occur prior to the expiration of such period, and provided, further, Dentsply shall not have the right to terminate this Agreement pursuant to this Section 8.1(iv) if the misrepresentation, inaccuracy or breach of any representation or warranty made by Sellers, or Sellers' default or failure to fulfill any covenant or obligation, pursuant to this Agreement has been the primary cause of, or resulted in, the failure of the Closing to occur prior to the expiration of such period.

8.2 Termination by Buyer. This Agreement may be terminated by Buyer at any time prior to the Closing if Sellers shall have failed to comply in any material respect with its agreements herein and such failure shall be continuing, provided that, Buyer shall give Sellers a reasonable opportunity to cure any default hereunder, by the payment of compensation (if the matter is reasonably capable of rectification by that means) or by the rectification of the matter before the Closing.

8.3 Termination by Seller. This Agreement may be terminated by Dentsply at any time prior to the Closing if Buyer shall have failed to comply in any material respect with its agreements herein and such failure shall be continuing, provided that, Dentsply shall give Buyer a reasonable opportunity to cure any default hereunder, by the payment of compensation (if the matter is reasonably capable of rectification by that means) or by the rectification of the matter before the Closing.

8.4 Effect of Termination. In the event of any termination of this Agreement pursuant to Section 8.1, 8.2 or 8.3 hereof, this Agreement forthwith shall become void and of no further force or effect, and no party hereto (or any of its Affiliates, directors, officers, employees, agents or representatives) shall have any liability or obligation hereunder, except in any such case, in accordance with (i) the provisions of this Section 8.4, the payment of expenses provisions of Section 12.2, the specific performance and remedies provisions of Section 12.6, the governing law and forum provisions of Section 12.7 and the publicity provisions of Section 12.9, each of which shall survive any such termination and (ii) for Damages arising from any breach by a party prior to such termination, of any of its covenants contained in this Agreement.

ARTICLE IX - INDEMNITIES

9.1 Indemnity Claims. With respect to the indemnities contained in this Article IX: (i) the indemnitor shall indemnify and hold harmless the indemnitee against and in respect to all Damages which the indemnitee may incur, suffer, sustain, pay or with which it may be faced arising out of, in connection with or resulting from, directly or indirectly, the subject matter of the indemnity; (ii) if indemnitee receives notice or otherwise obtains knowledge of any matter with respect to which indemnitor may become obligated to hold harmless or indemnify indemnitee under this Article then indemnitee shall promptly deliver to indemnitor a written notice describing such matter, provided that failure to promptly deliver such notice shall not affect the indemnification obligation except to the extent the indemnitor is prejudiced or injured thereby, but in any event shall deliver such notice prior to last day of the survival period for the representation, warranty, covenant or agreement that is the subject of that claim, and indemnitor shall deliver a written response within twenty (20) days of such notice from indemnitee stating its position with respect to such claim for indemnification; (iii) if such matter involves a claim against indemnitee by a third party, indemnitor shall have the right, at its option and upon advice to the indemnitee, to assume the defense of such matter at its own expense and with its own counsel, provided that such counsel does not have an actual or potential conflict of interest as determined by an opinion of counsel who is not involved in such representation and such counsel is acceptable to indemnitee on a reasonable basis; (iv) if indemnitor elects to and does assume the defense of such matter, (a) indemnitor shall not be required to indemnify indemnitee against any attorneys' fees or any other expenses incurred by indemnitee in connection with such matter following such assumption by indemnitor except as otherwise provided herein, (b) indemnitee shall reasonably cooperate as requested by indemnitor in the defense or settlement of such matter, (c) indemnitor shall keep indemnitee reasonably informed of developments and events relating to such matter, (d) indemnitee shall have the right to participate, at its own expense, in the defense of such matter, (e) indemnitor shall prosecute such matter to a final conclusion or settlement; provided, that, unless indemnitee otherwise agrees in writing, indemnitor may not settle any matter (in whole or in part) unless such settlement (1) includes a complete and unconditional release of indemnitee in respect of such matter and (2) excludes any injunctive or non-monetary relief applicable to indemnitee or any of its Affiliates; (f) so long as indemnitor is in good faith defending indemnitee in such matter, indemnitee shall not settle or compromise such matter, except as otherwise provided herein; (g) in the event that (1) indemnitor does not assume or relinquishes the defense of such matter to indemnitee or (2) indemnitee notifies indemnitor that, in the opinion of counsel who would not be retained by indemnitee in such representation, there is an actual conflict of interest between indemnitor and indemnitee (except that the fact that one party is an indemnitor

and one party is an indemnitee shall not in and of itself constitute a conflict of interest), indemnitee shall have the right (but not the obligation) to defend itself, or to enter into any settlement of such matter in the indemnitee's reasonable discretion and such actions by indemnitee shall not, by itself, prejudice indemnitee's right to seek full indemnification for all Damages incurred by indemnitee with respect thereto; and in accordance with and as provided for by this Agreement, and provided that such settlement does not impose any material prospective injunctive relief against the indemnitor; and (h) if at any time, in the reasonable opinion of indemnitee, any such matter seeks material prospective relief which could have a material adverse effect on the assets, liabilities, financial condition, results of operations or business prospects of indemnitee or any of its Affiliates in connection with the Business, indemnitee shall have the right to control or assume (as the case may be) the defense of such matter and, provided such assumption of and prosecution of defense does not materially prejudice a meritorious defense to any such action or claim, the amount of any judgment or settlement and the reasonable costs and expenses of defense may be included as part of any claim by Buyer for indemnification hereunder, provided, that, if indemnitee should elect to exercise such right, indemnitor shall have the right to participate in, but not control, the defense of such matter or demand at the sole cost and expense of indemnitor.

9.2 Indemnification by Sellers. Sellers jointly and severally covenant and agree to indemnify, defend, protect and hold harmless Buyer and its officers, directors, employees, stockholders, representatives, assigns, successors and Affiliates (the "Buyer Indemnified Parties") from, against and in respect of:

(a) all Damages of any Buyer Indemnified Party in connection with, resulting from or arising out of, directly or indirectly: (i) any misrepresentation, breach or inaccuracy of any representation or warranty of Sellers set forth in this Agreement, any Ancillary Agreement, or any Schedule hereto; (ii) any nonfulfillment or breach of any covenant or agreement on the part of Sellers set forth in this Agreement, any Ancillary Agreement or any Schedule hereto; (iii) Liabilities retained by Sellers, including any Excluded Obligation; (iv) any Liability of any Seller imposed upon Buyer solely by reason of Buyer's status as transferee of the Business or the Acquired Assets (other than an Assumed Liability); (v) any Product Liability Claims in connection with any products or services manufactured, distributed, sold or performed by Sellers in connection with the Business on or prior to the Closing Date; (vi) any property damage or any personal injury or death suffered by any employee, consultant or contractor of Sellers or any other Person, to the extent arising from the

operations of the Business by Sellers prior to Closing; or (vii) any Liabilities for warranty claims or recall of products manufactured or sold by Sellers or their Affiliates prior to Closing to the extent such Liabilities exceed the product of 1.15 times the Warranty Reserve, net of any amount realized by Buyer from reclamation, rework or claims against suppliers, subject to the following terms and conditions: (w) any such warranty claim or recall action is handled in substantially the same manner and consistent with the historic policies and practices of Sellers, (x) does not result from the Buyer altering or modifying a decision with respect to a matter previously handled by Sellers (except as may be required by applicable law or regulation or by a Governmental Authority, or as would be necessary to conform to Seller's past practices), (y) Buyer provides relevant information and documentation, upon Sellers' reasonable request, with respect to any such warranty claims or recalls, and (z) with respect to any potential recall of a product, Buyer shall first consult with Sellers and allow Sellers a reasonable opportunity to analyze and provide input with respect to any such consideration. and

.....(b) any and all Damages incident to any of the foregoing or to the enforcement of this Section 9.2.

9.3 Indemnification by Buyer. Buyer covenants and agrees to indemnify, defend, protect and hold harmless Sellers and their officers, directors, employees, stockholders, representatives, assigns, successors and Affiliates (the "Seller Indemnified Parties") from, against and in respect of:

(a) all Damages of any Seller Indemnified Party in connection with, resulting from or arising out of, directly or indirectly: (i) any misrepresentation, breach or inaccuracy of any representation or warranty of Buyer set forth in this Agreement, any Ancillary Agreement or any Schedule hereto; (ii) any nonfulfillment or breach of any covenant or agreement on the part of Buyer set forth in this Agreement, any Ancillary Agreement or any Schedule hereto; (iii) any Assumed Obligation; (iv) any Liability of Buyer and/or its Affiliates imposed upon any Seller solely by reason of Buyer's failure to perform in accordance with Obligations assumed in accordance with this Agreement (v) any Product Liability claims in connection with any products manufactured or services performed in connection with the Business on or after the Closing Date; or (vi) any property damage or any personal injury or death suffered by any employee, consultant or contractor of Buyer or any other Person, to the extent arising from the operations of the Business by Buyer after Closing; and

.....(b) any and all Damages incident to any of the foregoing or to the enforcement of this Section 9.3.

ARTICLE X - SURVIVAL; CLAIMS

10.1 Survival.

(a) The representations and warranties of Sellers shall survive the Closing and shall expire on the applicable date specified in clause (i), (ii), (iii) or (iv) of this Section 10.1(a): (i) except as to representations and warranties specified in clause (ii), (iii) or (iv) of this Section 10.1(a), eighteen (18) months from the Closing Date; (ii) with respect to Sections 4.2 (authority, execution and delivery), 4.11 (intellectual property) and 4.15 (product warranties), the second anniversary of the Closing Date; (iii) with respect to Section 4.9 (assets), but only the second sentence of Section 4.9, and other provisions relating to Sellers quality of title to the Assets, the tenth (10th) anniversary of the Closing Date; and (iv) with respect to representations and warranties contained in Sections 4.12 (employment matters), 4.19 (environmental matters) and 4.22 (taxes) on the date that is (A) 90 days after the expiration of the applicable federal, state, local or foreign statute of limitations (including extensions thereof), or (B) if there is no applicable statute of limitations, five (5) years after the Closing Date.

(b) The representations and warranties of Buyer shall survive the Closing and shall expire on the applicable date specified in clause (i) and (ii) of this Section 10.1(b): (i) except as to representations and warranties specified in clause (ii) of this Section 10.1(b), eighteen (18) months from the Closing Date; and (ii) with respect to Sections 5.1 (authority, execution and delivery), the second anniversary of the Closing Date.

(c) All covenants of the parties made herein that are to be performed in whole or in part after Closing (including the obligations set forth in Sections 9.2 and 9.3) shall survive the Closing, continue in effect and expire in accordance with their respective terms (or if by their terms they have no expiration they shall continue in perpetuity); provided, that, in any event, any claim with respect to a breach of covenant shall be asserted no later than three (3) years after the discovery of such breach by the party asserting a claim.

(d) Notwithstanding anything to the contrary herein, (i) an indemnitee may make a claim hereunder for a claim even where the indemnitee has not yet suffered Damages or where the full amount of any Damages is not yet known, provided the claim notice sets forth the specific basis for any such claim to the extent then feasible, and (ii) any claim alleging any misrepresentation, breach or inaccuracy of any representation or warranty, or any nonfulfillment or breach of any covenant or agreement, set forth in this Agreement or any Schedule hereto, made prior to the expiration period with respect to the applicable representation, warranty, covenant or agreement, shall survive the expiration of such representation, warranty, covenant or agreement until final resolution of such claim.

10.2.Limitation of Indemnification Obligations.

(a) There shall be no liability for indemnification under Section 9.2(a)(i) unless the aggregate amount of Damages thereunder exceeds $1,025,000 (the "Seller Indemnification Threshold"), at which time Sellers will be obligated to indemnify the Buyer Indemnified Parties with respect to the aggregate amount of all such Damages described in Section 9.2(a)(i) in excess of such Threshold; provided, however, that the Seller Indemnification Threshold shall not apply to the misrepresentation, breach or inaccuracy of any representation or warranty which breach arose from an occurrence between the date of this Agreement and the Closing Date or made by any Seller in any of the following sections: Section 4.2 (authority, execution and delivery), the second sentence of Section 4.9 and other provisions of the Agreement as it relates to Sellers quality of title to the Assets and 4.22 (taxes).

(b) The indemnification obligations of Sellers under Section 9.2(a)(i) shall be limited to US$30,000,000 (the "Cap"); provided, however, any determination of whether the indemnification obligations of Sellers have met or exceeded the Cap shall exclude any indemnification obligations of Sellers in connection with the misrepresentation, breach or inaccuracy of any representation or warranty made by any Seller in any of the following sections: Section 4.2 (authority, execution and delivery), the second sentence of Section 4.9 and other provisions of the Agreement as it relates to Sellers title to the Assets and 4.22 (taxes).

(c) The indemnification obligations of Buyer under Section 9.3(a)(i) shall be limited to the Cap; provided, however, any determination of whether the indemnification obligations of Buyer have met or exceeded the Cap shall exclude any indemnification obligations of Buyer in connection with the misrepresentation, breach or inaccuracy of any representation or warranty made by Buyer in Section 5.2 (authority, execution and delivery).

10.3 Determination of Damages.

(a) In any determination of whether Seller has breached representations, warranties and/or agreements and the amount of Damages for any breaches of representations, warranties and/or agreements, Buyer shall be charged with knowledge of the facts disclosed to Buyer during its investigation of the Assets and the Business to the extent apparent on the face of the items set forth in Schedule 10.3 of this Agreement.

(b) Any Damages awarded in connection with this Agreement shall be reduced to the extent such Damages result from (i) a failure by the Person suffering such Damages to mitigate its Damages and (ii) any change after the Closing in any Law, including a retroactive change in Tax rates.

(c) Indemnification of any indemnitee pursuant to Section 9.2 or Section 9.3 hereof shall be (i) reduced by the amount of any Tax benefit to the relevant indemnitee, (ii) increased to take into account any Tax cost incurred by the relevant indemnitee (unless such indemnity payment is treated as an adjustment to the Purchase Price for Tax purposes) and (iii) limited to the amount of any Damages that remain after deducting therefrom any insurance or other proceeds actually recovered by the relevant indemnitee or any of its Affiliates from any third party with respect thereto. The parties hereto shall treat all payments under Article IX (as limited by this Article X) as an adjustment to the Purchase Price hereunder, unless a final determination (within the meaning of Section 1313 of the Code) causes any such payment not to be treated as an adjustment.

10.4 Exclusivity of Remedies. Except for any equitable remedies to which the parties may be entitled, the parties' remedies for breach of the representations, warranties and agreements herein contained and all other rights and remedies of the parties for breach of this Agreement or in connection with any dispute arising under this Agreement or the transactions contemplated hereby or arising out of or relating to the Assets or the Business as heretofore or hereafter conducted or as existing at Closing shall be exclusively governed by the terms of this Agreement; provided, however, that no party hereto shall be deemed to have waived any rights, claims, causes of action or remedies if and to the extent such rights, claims, causes of action or remedies may not be waived under applicable law or if actual fraud or intentional misrepresentation is proven on the part of a party by another party hereto.

ARTICLE XI - CONFIDENTIALITY

11.1 Confidentiality. Sellers recognize that by reason of their ownership of the Business and the Assets prior to the Closing, it has Confidential Information with respect to the Business, the use or disclosure of which after Closing could cause Buyer or its Affiliates or subsidiaries substantial loss and damages that could not be readily calculated and for which no remedy at law would be adequate. Accordingly, Sellers covenant and agree with Buyer that for a period of five (5) years after Closing they will not at any time, except in performance of their obligations to Buyer, directly or indirectly, use, disclose or publish, or permit other Persons (including its Affiliates) to disclose or publish, any Confidential Information, unless (i) such information becomes known publicly through no fault of Sellers, (ii) the disclosing party is advised in writing by counsel that disclosure is required by Law or the order of any Governmental Authority of competent jurisdiction under color of Law, (iii) the disclosing party reasonably believes that such disclosure is required in connection with the defense of a lawsuit against the disclosing party; or (iv) is disclosed by Buyer to a third party without a restriction of confidentiality; provided, that prior to disclosing any information pursuant to clause (ii) above, such Person shall give prior written notice thereof to Buyer and provide Buyer with the opportunity to contest such disclosure and shall cooperate with efforts to prevent such disclosure.

11.2 Reasonable Restraint. The parties agree that the foregoing covenants in this Article XI impose a reasonable restraint on Sellers in light of the activities and operations of the Business and Buyer and its Affiliates on the date of the execution of this Agreement.

11.3 Severability; Reformation. The covenants in this Article XI are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. Moreover, in the event any court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which the court deems reasonable, and the Agreement shall thereby be reformed.

11.4 Materiality. The parties hereto hereby agree that the covenants set forth in this Article XI are a material and substantial part of the transactions contemplated by this Agreement, supported by adequate consideration.

ARTICLE XII - MISCELLANEOUS

12.1 Cooperation. The parties recognize that in order for control of the Business to pass from Sellers to Buyer in an orderly manner at and after the Closing, it will be necessary for the parties to cooperate before and after the Closing on such matters as the transition of Sellers personnel to Buyer, integration of sales force activity, identification of the Assets, ordering of inventory, product returns, transitional packaging, collection of receivables, preservation of relationships with customers, suppliers and distributors and the transfer of intellectual property rights. The parties shall render such cooperation to one another with respect to such matters and with respect to such other aspects of the transfer of the Business as reason and commercial prudence dictate. In particular, in the event that a claim is asserted prior to or following the Closing against Buyer or Sellers or any of their subsidiaries or Affiliates with respect to the operation of the Business prior to the Closing or any of the transactions contemplated pursuant to this Agreement, the other party agrees to cooperate with the party in the defense of such claim, at such party's sole cost (except to the extent such expenses are covered pursuant to Article IX); provided that the party shall not be responsible for reimbursing the other party or its officers, directors, employees and agents, for their time spent in such cooperation. The parties shall consult with each other regarding the defense of any proceedings or litigation relating to any of the transactions contemplated pursuant to this Agreement.

12.2 Payment of Expenses. Except as specifically set forth elsewhere in this Agreement, expenses related to this Agreement and the transactions contemplated hereby, including the fees of counsel, accountants, brokers, finders and financial advisors shall be borne by the party incurring such expenses.

12.3 Modifications; Waivers. This Agreement may be modified and rights hereunder may be waived only by a writing executed and delivered on behalf of the party against whom such modification or waiver is asserted. No failure or delay on the part of the parties hereto to exercise any right, power or privilege hereunder or under any instrument executed pursuant hereto shall operate as a waiver; nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All rights and remedies granted herein shall be in addition to other rights and remedies to which the parties may be entitled at law or in equity except or otherwise expressly provided herein.

12.4 Successor/Assignability. This Agreement and the rights and obligations hereunder shall be binding upon and inure to the benefit of the parties hereto and their respective successors (including successors by operation of law) and legal representatives. This Agreement shall not be assignable, except that either party may assign its rights and obligations hereunder in whole or in part to an Affiliate of such party, provided that such party and its Affiliate shall be jointly and severally liable for the performance of such party's obligations hereunder.

12.5 Dispute Resolution. The negotiations of the parties have focused primarily in the USA and on the ordinary meaning and legal effect of the provisions of this Agreement in the USA and not on the meanings or legal effects those provisions might have in other countries. In order to minimize the possibility of an unexpected reordering of agreed rights and obligations, the parties have included herein the Sections Governing Law and Arbitration. Consequently, except as contemplated pursuant to Section 12.6, the parties shall not permit their Affiliates to initiate or participate in any legal proceedings in connection with any controversy or claim arising out of or relating to this Agreement or the transactions contemplated hereby; rather, the parties shall settle all such controversies or claims on behalf of their Affiliates as set forth in the Sections captioned Governing Law and Arbitration. The parties shall cause their Affiliates to comply with any applicable award rendered in an arbitration proceeding pursuant hereto.

12.6 Specific Performance; Remedies. The Sellers and Buyer acknowledge that the other party will be irreparably harmed and that there will be no adequate remedy at law for any violation by any party of any of the covenants or agreements contained in this Agreement, including the noncompetition and confidentiality obligations set forth in Article XI. It is accordingly agreed that, in addition to any other remedies which may be available upon the breach of any such covenants or agreements, each party hereto shall have the right to injunctive relief to restrain a breach or threatened breach of, or otherwise to obtain specific performance of, the other party's covenants and agreements contained in this Agreement.

12.7 Governing Law. This Agreement and the transactions contemplated hereby shall be governed by and construed in accordance with the laws of the State of Delaware, USA, applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of laws principles of such State. In the event that a dispute, claim or controversy relating to, arising out of, or in connection with this Agreement is not the subject of a claim for specific performance pursuant to Section 12.6 or arbitrable pursuant to Section 12.8 of this Agreement, such dispute, claim or controversy shall be subject to the exclusive jurisdiction of the Delaware courts and no others. The parties hereby consent to the jurisdiction of the above designated courts and to the service of process by registered mail, return receipt requested, or by any other manner provided by the laws of the State of Delaware.

12.8 Arbitration. Except as set forth in Sections 2.3 and 12.6, any dispute or claim relating to this Agreement, any Ancillary Agreement or document executed in connection with this Agreement, or any amendment of any of the foregoing, including, without limitation, as to their existence, validity, enforceability, interpretation, performance, breach or damages, including claims in tort, whether arising before or after the termination of this Agreement, shall be settled only by binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association ("Rules"); provided, however, that: (a) the arbitration shall take place in Wilmington, Delaware; (b) there shall be a panel of three (3) arbitrators who shall be selected under the normal procedures prescribed in the Rules; (c) subject to legal privileges, each party shall be entitled to discovery in accordance with the Federal Rules of Civil Procedure; (d) at the arbitration hearing, each party may make written and oral presentations to the arbitrators, present testimony and written evidence and examine witnesses; (e) the arbitrators shall be authorized to award all or any portion of the legal fees relating to the proceeding to the prevailing party, provided the arbitrators shall not have the power to award punitive damages; (f) the arbitrators shall issue a written decision explaining the bases for such decision; (g) such decision shall be final, binding and enforceable in any court of competent jurisdiction; (h) Buyer and Sellers shall share any fees and expenses of the arbitrators and of the American Arbitration Association as the arbitrators determine to be appropriate under the circumstances; and (i) Dentsply shall represent the interest of all Sellers in any dispute and Sellers collectively shall be considered one party to such arbitration. The proceeding shall be confidential and the arbitrators shall issue appropriate protective orders to safeguard both parties' confidential information. Such protective orders shall be enforceable by any court or competent jurisdiction.

12.9 Publicity. Except for a press release approved by the parties at, prior to or after the Closing, or as may be required by Law or legal authorities, neither Sellers nor Buyer or their Affiliates shall release, generate or permit any publicity concerning this Agreement or the transactions contemplated hereby without the prior express consent of the other, which consent shall not be unreasonably withheld or delayed. If disclosure is required by Law or legal requirements, the other party shall be advised prior to, and shall be provided a copy or summary of, any such disclosure.

12.10 Notices. Any notice, request, instruction or other communication to be given by either party to the other party in connection with this Agreement or the transactions contemplated hereby shall be in writing and delivered by hand delivery, recognized courier service or confirmed telefax, to the address of such party set forth below or as changed by such party by notice given hereunder. Notice sent by telefax shall be effective when sent and by other delivery methods upon receipt.

Seller: DENTSPLY International Inc.
..... 570 W. College Avenue
..... York, PA 17404
..... Attention: Secretary
..... Fax: (717) 849-4753

Buyer: DAS Equipment Company
..... c/o Danaher Corporation
..... 2099 Pennsylvania Avenue, 12th Floor
..... Washington, D.C. 20006-1813
..... Attention: Paul Burgon, Director - Corporate Development
..... Fax: (202) 419-7668

.....With a copy to:

..... Wilmer, Cutler & Pickering
..... 2445 M Street, N.W.
..... Washington, D.C. 20037
..... Attn: Mark Dewire and Eric Markus
..... Fax: (202) 663-6363

12.11 Captions; Mutual Product. The Section captions, Table of Contents and Index used in this Agreement are for cross-reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The parties acknowledge that this Agreement is a product of consultation, negotiation and agreement between sophisticated and knowledgeable parties, and it shall not be construed for or against any party thereto.

12.12 Further Representations. Each party to this Agreement acknowledges and represents that it has been represented by its own legal counsel in connection with the transactions contemplated by this Agreement, with the opportunity to seek advice as to its legal rights from such counsel. Each party further represents that it is being independently advised as to the tax consequences of the transactions contemplated by this Agreement and is not relying on any representation or statements made by any other party as to such tax consequences.

12.13 Counterparts. This Agreement may be executed in two (2) or more counterparts, including telefax signatures, each of which shall be deemed to be an original and all of which shall be deemed to constitute the same Agreement.

12.14 No Third Party Beneficiaries. Except as specifically provided in this Agreement and for the Buyer Indemnified Parties and the Seller Indemnified Parties, this Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

12.15 Right to Set Off. Each Buyer Indemnified Party shall have the right, but not the obligation, to set off, in whole or in part, against any obligation it owes to Sellers, amounts owed to any Buyer Indemnified Party by Sellers pursuant to this Agreement. Each Seller Indemnified Party shall have the right, but not the obligation, to set off, in whole or in part, against any obligation it owes to Buyer, amounts owed to any Seller Indemnified Party by Buyer pursuant to this Agreement.

12.16 Entire Agreement. Before signing this Agreement, the parties had numerous conversations, including preliminary discussions, formal negotiations and informal conversations, and generated correspondence and other writings in which the parties discussed the transactions contemplated hereby and their aspirations for success. In such conversations and writings, individuals representing the parties may have expressed their judgments and beliefs concerning the intentions, capabilities and practices of the parties, and may have forecasted future events. The parties recognize that such conversations and writings often involve an effort by both sides to be positive and optimistic about future prospects. However, it is also recognized that all business transactions contain an element of risk, as do the transactions contemplated hereby, and that it is normal business practice to limit the legal obligations of contracting parties to only those promises and representations which are essential to their transactions so as to provide certainty as to their respective future rights and remedies. Accordingly, this Agreement and all other agreements contemplated hereby are intended to define the full extent of the legally enforceable undertaking of the parties hereto, and no promise or representation, written or oral, which is not set forth explicitly in this Agreement,

is intended by either party to be legally binding. Both parties acknowledge that in deciding to enter into this Agreement and to consummate the transactions contemplated hereby, neither has relied upon any statements or representations, written or oral, other than those explicitly set forth in this Agreement. Each of the Schedule is incorporated herein by this reference and expressly made a part hereof.

12.17 Usage. The defined terms herein shall apply equally to both 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. All references herein to "Articles", "Sections" and "Schedules" shall be deemed to be references to Articles and Sections of and Schedules to, this Agreement unless the context shall otherwise require. All Schedules attached hereto shall be deemed incorporated herein as if set forth in full herein and, unless otherwise defined therein, all terms used in any Schedules shall have the meaning ascribed to such term in this Agreement. The words "Sellers' knowledge," "knowledge of Sellers," "known to Sellers" or words or similar import, mean the knowledge of any officer of the Sellers, any Gendex Management Employees, Jean Michel Blanchard or Gloria McFadden. The use of the word Sellers shall be limited to and refer to the specific Seller which is applicable to the context used. Whenever any payment hereunder is to be paid in "cash," payment shall be made in the legal tender of the United States and the method for payment shall be by wire transfer of immediately available funds. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." Unless otherwise expressly provided herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein.

12.18 Guarantees.

(a) It is understood that it is the intention of the Sellers that any of the assets owned by Dentsply, Ceramco and DRDC are or will be owned by PDEX at Closing and will be transferred to the Buyer from PDEX. Notwithstanding anything in this Agreement to the contrary, to the extent performance of any Seller is required and such Seller fails in such performance, Dentsply hereby unconditionally and irrevocably guarantees to Buyer the due and punctual performance of the obligations of any Seller under this Agreement. This is an absolute and continuing guaranty of payment by Dentsply of all of Sellers' obligations hereunder, and not of their collectibility only. Notwithstanding anything to the contrary, the failure of any Seller to perform any act required of it under this Purchase Agreement when due shall entitle Buyer to proceed directly against Dentsply without proceeding further against such Seller or any other person and without enforcing or applying any security for such guaranteed obligation or otherwise any right or remedy against such Seller.

(THIS SPACE INTENTIONALLY LEFT BLANK)

SIGNATURES ON FOLLOWING PAGE

SIGNATURE PAGE

IN WITNESS WHEREOF, Buyer and Sellers have each caused this Agreement to be duly executed in its corporate name by a duly authorized representative as of the date first above written.

DAS EQUIPMENT COMPANY

By:_____
By:_____
Name:_____
Name:_____
Title:_____
Title:_____

DENTSPLY INTERNATIONAL INC.

DENTSPLY DETREY GmbH

By:_____
By:_____
Name:_____
Name:_____
Title:_____
Title:_____

DENTSPLY ITALIA S.r.l.

DENTSPLY RESEARCH & DEVELOPMENT CORP.

By:_____
By:_____
Name:_____
Name:_____
Title:_____
Title:_____

PDEX ACQUISITION CORP.

CERAMCO INC.

By:_____
By:_____
Name:_____
Name:_____
Title:_____
Title:_____

DENTSPLY FRANCE S.A.S.

EXHIBIT 21.1

Subsidiaries of the Company

I. Direct Subsidiaries of the Company

A. Dentsply Research & Development Corp. ("Dentsply R&D") (Delaware)

B. Ceramco Inc. (Delaware)
   a) Dentsply West (Nevada)

C. Ceramco Manufacturing Co. (Delaware)

D. CeraMed Dental, L.L.C. (Delaware)

E. GAC International Inc. (New York)
   a) Old Country Road Sales Consultants, Inc.
   b) Orthodental International, Inc.
   c) Orthodental S.A. de C.V. (Mexico)

F. DENTSPLY Finance Co. (Delaware)
   a) Dentsply International, Inc. (Chile) Limitada (Chile)

G. ESP, LLC (Delaware)

H. DENTSPLY North America Inc. (Delaware)

I. PDEX Acquisition Corp. (Delaware)

J. Austenal Holdings Inc. (Nevada)
   a) Austenal, Inc. (Illinois)

K. Dentsply Argentina S.A.C.e.I. (Argentina)

L. Dentsply Industria e Comercio Ltda. (Brazil)

M. DeTrey do Brasil Industria e Comercio Ltda. (Brazil)

N. Dentsply Mexico S.A. de C.V. (Mexico)

O. Dentsply India Pvt. Ltd. (India)

P. Dentsply (Philippines) Inc. (Philippines)

Q. Dentsply (Thailand) Ltd. (Thailand)

R. Dentsply Dental (Tianjin) Co. Ltd. (China)

S. Dentsply Tianjin International Trading Co. Ltd. (China)

T. Dentsply Korea Limited

U. Ceramco Europe Limited (Cayman Islands)
   a) Ceramco UK Limited (Dormant)

II. Indirect Subsidiaries of the Company

A. Subsidiaries of Dentsply Research & Development Corp.

1. Ransom & Randolph Company (Delaware)

2. Tulsa Dental Products Inc. (Delaware)
   a) Tulsa Finance Co. (Delaware)
   b) Tulsa Manufacturing Inc. (Delaware)
   c) RoyDent, Inc.(Michigan)

3. Dentsply Export Sales Corporation (Barbados)

4. Dentsply SE Limited (Gibraltar)

5. Dentsply EU Holding S.a.r.L (Luxembourg)

6. Dentsply Australia Pty. Ltd. (Australia (Victoria))
   a) Dentsply (NZ) Limited (New Zealand)

7. Dentsply Canada Ltd. (Canada (Ontario))

8. PT Dentsply Indonesia (Indonesia)

9. The International Tooth Co. Limited (United Kingdom)

10. Dentsply Espana SL (Spain)

11. DENTSPLY-Sankin K.K. (Japan)
   a) Sankin Laboratories K.K. (Japan)

12. DeguDent Industria e Comercio Ltda. (Brazil)
   a) DeguDent da Amazonia Industria e Comercio Ltda. (Brazil)
   b) Degpar Participacoes e Empreendimentos S.A. (Brazil)
   c) Probem Laboratorio de Produtos Farmaceuticos e Odontonlogicos S.A. (Brazil)

B. Subsidiaries Dentsply EU Holding S.a.r.L.

1. Dentsply Capital II Ltd. (U.K.) (in liquidation)

2. Dentsply Capital Ltd. (U.K.) (dormant)

3. Dentsply Europe S.a.r.L. (Luxembourg)

C. Subsidiaries of Dentsply Europe S.a.r.L.

1. Dentsply Germany Holdings GmbH (Germany)
   a) VDW GmbH (Germany)
   c) Dentsply DeTrey GmbH (Germany)
   d) Friadent GmbH (Germany)
      i) Friadent Brasil Ltda. (Brazil)
   e) DeguDent GmbH (Germany)
      i) Ducera Dental Verwaltungs-ges.m.b.H. (Germany)
   f) Austenal GmbH (Germany)
   g) Elephant Dental GmbH (Germany)

2. Elephant Dental B.V. (Netherlands)
   a) Cicero Dental Systems B.V. (Netherlands)
   b) DeguDent Benelux B.V. (Netherlands)
   c) Elephant Danmark ApS (Denmark)
   d) Dental Trust B.V. (Netherlands)

3. DeguDent Austria Hnadels GmbH (Austria)

4. Dentsply Limited (Cayman Islands)
   a) Dentsply Holdings Unlimited (U.K.)
   b) Dentsply Russia Limited (U.K.)
   c) Amalco Holdings Ltd (U.K., Dormant)
   d) Keith Wilson Limited (U.K., Dormant)
   e) Oral Topics Limited (U.K., Dormant)
   f) AD Engineering Limited (Dormant)

5. Dentsply Italia SrL (Italy)

6. Dentsply France S.A.S. (France)
   a) Friadent France Sarl (France)
   b) Laboratoires de Produits Dentaires Odoncia S.A.S.(France)

7. Dentsply South Africa (Pty) Limited (South Africa)

8. Dentsply Benelux S.a.r.L. (Luxembourg)

9. Dentsply A.G. (Switzerland)

10. Friadent Schweiz AG (Switzerland)

11. Friadent N.V. (Belgium)

12. Friadent Scandinavia AB(Sweden)

13. Friadent Denmark ApS (Denmark)

14. Dentsply DeTrey Sarl (Switzerland)

15. Maillefer Instruments Holding S.A. (Switzerland)
   a) Maillefer Instruments Trading Sarl (Switzerland)
   b) Maillefer Instruments Consulting Sarl (Switzerland)
   c) Maillefer Instruments Manufacturing Sarl (Switzerland)

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-71792, 33-89786, 333-56093, and 333-101548) and Registration Statement on Form S-3 (No. 333-76089) of DENTSPLY International Inc. of our report dated March 15, 2004, relating to the consolidated financial statements and financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

Philadelphia, PA
March 15, 2004

Exhibit 31.1

Section 302 Certifications Statement

I, Gerald K. Kunkle, Jr., certify that:

1. I have reviewed this Form 10-K of DENTSPLY International Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2004

/s/ Gerald K. Kunkle, Jr.

Vice Chairman and Chief Executive Officer

Exhibit 31.2

Section 302 Certifications Statement

I, Bret W. Wise, certify that:

1. I have reviewed this Form 10-K of DENTSPLY International Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2004

/s/ Bret W. Wise

Senior Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of DENTSPLY International Inc. (the "Company") on Form 10-K for the year ending December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), We, Gerald K. Kunkle, Jr., Chief Executive Officer and Vice Chairman of the Board of Directors of the Company and Bret W. Wise, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge and belief:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of the date of the Report.

/s/ Gerald K. Kunkle, Jr.
Gerald K. Kunkle, Jr.
Chief Executive Officer and
Vice Chairman of the Board of Directors

/s/ Bret W. Wise
Bret W. Wise
Senior Vice President and
Chief Financial Officer

March 15, 2004

DENTSPLY INTERNATIONAL INC.

CODE OF

BUSINESS CONDUCT AND ETHICS

CONTENTS

Code of Business Conduct

Dear Fellow Employee:

DENTSPLY International Inc. has been in business since 1899, and we are proud of the global reputation and trust we have earned. This is a reputation that we are determined to protect and enhance. Our Code of Business Conduct sets forth our guiding principles for the conduct of our business that must be followed by everyone who does business on behalf of DENTSPLY.

All employees, agents, consultants, independent contractors and representatives of DENTSPLY have the responsibility to read, understand, and abide by the principles and standards contained in this Code. It is difficult to make a policy that applies to every situation, and there will be times when the Code does not address a particular question. Applying common sense, good judgment, and integrity to every business issue will help to ensure that your decisions are consistent with DENTSPLY values and this Code. If you are an employee and you have questions, please contact your supervisor, the relevant Senior Management, or the General Counsel. If you are not an employee, please feel free to ask your DENTSPLY contact, or the General Counsel's office.

DENTSPLY's success depends upon each of us. Acting with integrity and the highest ethical standards is not only good policy, it is also good business. Every DENTSPLY employee and shareowner relies upon you to do the right thing. We know that our confidence in you is well placed.

/s/ John C. Miles II

Chairman and
Chief Executive Officer

/s/ Gerald K. Kunkle, Jr

President and Chief Operating Officer

GENERAL CODE OF CONDUCT

1. Introduction

DENTSPLY International Inc. (the "Company") has adopted this Code of Business Conduct, consisting of the components described below (the "Program"), to assist the Company and its personnel in conducting business in an ethical manner and in full compliance with the requirements of all applicable laws and regulations. It is the policy of the Company to comply with all applicable laws, including, without limitation, medical device and similar requirements, employment, discrimination, health, safety, antitrust, securities and environmental laws. No director, officer, executive or manager of the Company has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company. This Program reflects the Company's intent to operate not only in a legal manner, but in accordance with sound business ethics. The Program applies to all Company business operations and subsidiaries worldwide and to all employees, officers and directors of the Company and its subsidiaries ("personnel"), except for legal requirements which are specific to a jurisdiction. Because the Program documents may not be translated into the local language in every location where we do business, it shall be the responsibility of management responsible for those areas to communicate the general purpose and requirements of the Program.

The Program consists of 1) a Code of Business Conduct ("Code") setting forth general standards for the conduct of Company business and operations, including procedures for reporting of concerns about compliance with the Code and/or legal requirements; 2) a set of more specific policies oriented toward compliance with specific laws and requirements; and 3) procedures to help ensure that the Program is effective in preventing, detecting and taking appropriate action in regard to violations of applicable laws and the Code, such as periodic monitoring and auditing programs. All Company personnel must be aware of the contents of the Program and perform their responsibilities in a manner which is fully consistent with the Program. Because the principles described in the Code are general, Company personnel should review the specific applicable policies for specific instructions and contact their supervisors, the relevant Senior Management and/or the General Counsel's office regarding proper conduct in a particular situation in which they have any questions.

The Program will be overseen by a Corporate Compliance Committee consisting of the Company's Chief Executive Officer, Chief Operating Officer, the Chief Financial Officer and the General Counsel. The Committee will meet as necessary to review the Program, the Code and compliance activities within the Company.

The Code of Business Conduct reflects general principles to guide employees in making ethical decisions and cannot and is not intended to address every specific situation. As such, nothing in this Code prohibits or restricts the Company from taking any disciplinary action on any matters pertaining to employee conduct, whether or not they are expressly discussed in this document. The Program, including the Code, is not intended to and shall not be deemed or construed to provide any rights, contractual or otherwise, to any third parties or to any personnel of the Company or its subsidiaries. The provisions of the Program may be revised, changed or amended at any time as determined appropriate by the Company.

2. General Standards of Conduct

A. One of the Company's strongest assets is a reputation for integrity and honesty. A fundamental principle on which the Company will operate its business is full compliance with applicable laws. The Company will also conduct its business in conformance with sound ethical standards. Achieving business results by illegal acts or unethical conduct is not acceptable.

All Company personnel shall act in compliance with the requirements of applicable law and this Code and in a sound ethical manner when conducting Company business and operations.

B. Each Company supervisor and manager is responsible for ensuring compliance by the personnel which he or she supervises or manages with applicable law and the Code. All personnel are responsible for acquiring sufficient knowledge to recognize potential compliance issues applicable to their duties and for appropriately seeking advice regarding such issues.

C. This Code has been distributed to all applicable Company personnel and sets forth general standards applicable to the Company's business and operations. In addition, there are a number of more detailed and specific policies covering particular business units or subject matters. The Company will communicate those specific policies to personnel who are particularly affected by them and they must be complied with in the course of the Company's business. These policies may be changed and/or additional policies may be issued from time to time.

D. All of the Company's business transactions shall be carried out in accordance with management's general or specific directives.

E. Company personnel shall be honest in all dealings with government agencies and representatives. No misrepresentations shall be made, and no false bills or requests for payment or other documents shall be submitted to government agencies or representatives.

F. All of the Company books and records shall be kept in accordance with U.S. generally accepted accounting standards (U.S. GAAP) or other applicable local or statutory principles with reconciliation to U.S. GAAP. All transactions, payments, receipts, accounts and assets shall be completely and accurately recorded on the Company's books and records on a consistent basis. No payment shall be approved or made with the intention or understanding that it will be used for any purpose other than that described in the supporting documentation for the payment. All internal financial and other control procedures shall be followed.

3. Reporting of Violations

A. Illegal acts or improper conduct may subject the Company (and its employees) to severe civil and criminal penalties, including large fines and being barred from certain types of business. It is therefore very important that any suspected illegal activity or violations of the Code be promptly brought to the Company's attention.

B. Any Company personnel who believes or becomes aware that any violation of this Code, including violation of applicable accounting, internal controls or auditing matters, or any suspected illegal activity has been engaged in by Company personnel or by non-employees acting on the Company's behalf shall promptly report the violation or activity in person, by phone or in writing, to one of the following persons:

1. The personnel's immediate supervisor, business unit or department head or another senior manager.
2. The General Counsel or another attorney in the Company's Legal Department.
3. The Chief Financial Officer or Director of Internal Audit.

To the extent an employee is uncomfortable contacting any of the above people, employees should contact the Chief Executive Officer, the Chief Operating Officer or a Senior Vice President.

C. Company personnel may report suspected illegal acts or a violation of this Code anonymously. To the extent practical and appropriate under the circumstances and as permitted by law, the Company will take reasonable precautions to maintain the confidentiality of those individuals who report illegal activity or violations of this Code and of those individuals involved in the alleged improper activity, whether or not it turns out that improper acts occurred. Anonymous reports may be made by phone, web reporting or letter. Reports by phone can be made to a third party hotline service at 866-838-0844, reports by letter should be directed to the General Counsel's office, and web reporting can be made at the following web address: www.dentsply.com/report.

D. It shall be a violation of this Code if personnel fail to report a known illegal activity or violation of the Code. If you have a question about whether particular acts or conduct may be illegal or violate the Code, you should contact one of the persons listed above in subsection B. It shall be a violation of this Code if personnel to whom a suspected illegal act or violation of the Code is reported fail to ensure that the act or violation of the Code comes to the attention of the General Counsel's office, the Director of Internal Audit or a member of the Corporate Compliance Committee.

If the suspected illegal acts or conduct in violation of the Code involve a person to whom such acts or violations might otherwise be reported, the acts or violation should be reported to another person to whom reporting is appropriate.

E. It is Company policy to promptly and thoroughly investigate reports of suspected illegal activity or violations of this Code. Company personnel must cooperate with these investigations. It shall be a violation of this Code for personnel to prevent, hinder or delay discovery and full investigation of suspected illegal acts or violations of this Code.

F. No reprisals or disciplinary action will be taken or permitted against personnel for good faith reporting of, or cooperating in the investigation of, suspected illegal acts or violations of this Code. It shall be a violation of this Code for Company personnel to punish or conduct reprisals against other personnel for making a good faith report of, or cooperating in the investigation of, suspected illegal acts or violations of this Code.

G. Personnel who violate the Code or commit illegal acts are subject to disciplinary action, up to and including dismissal from the Company. Personnel who report their own illegal acts or improper conduct, however, will have such self-reporting taken into account in determining the appropriate disciplinary action.

4. Government Interviews or Investigation

A. The Company and its personnel shall cooperate fully and promptly with appropriate government investigations into possible civil and criminal violations of the law. It is important, however, that in this process, the Company is able to protect the legal rights of the Company and its personnel. To accomplish these objectives, any governmental inquiries or requests for information, documents or interviews, other than routine operating inspections (e.g., OSHA, FDA, etc.), should be promptly referred to the General Counsel's office.

5. Compliance Procedures

A. Introduction. The Purpose of these procedures is to increase awareness of the Program and Code, facilitate internal reporting of any suspected violation of the law or the Code and ensure that any reported violations are fully investigated and that the Company responds appropriately to any violations.

B. Maintaining Awareness of the Program

1. A copy of the Code, which includes a description of how to report suspected violations of the law or the Code, will be provided to employees of the Company.

2. New employees will be provided a copy of the Code upon their employment.

3. Applicable employees will periodically be required to sign a form stating their awareness of and compliance with the Code and the Program.

4. A copy of the Code and a description of the violation-reporting procedure will be available to all Company employees.

5. The Internal Audit Department shall, as it determines appropriate, include in its audits a review of awareness of and compliance with the Code, particularly in regard to management employees or other employees who are in a position to engage in conduct which may not be easily observed by other employees, or in a position where there is frequent involvement in activities which may carry a significant risk of liability.

6. The General Counsel's office, in cooperation with other relevant departments, shall create and distribute policies and/or guides applicable to the Company's business and shall periodically review compliance of the Company and its business units with applicable law.

C. Company Investigations

1. If a report of potential illegal acts or conduct in violation of the Code is made, it shall promptly be brought to the attention of the General Counsel.

2. The General Counsel shall oversee the investigation of any report of suspected illegal acts or violation of the Code, utilizing appropriate legal, internal audit and other department personnel and shall involve outside legal counsel or the Company's independent auditors when appropriate.

3. Reports of suspected illegal acts or violations of the Code shall be promptly investigated; such investigations may include interviews of employees and external parties and the review of relevant documents or other materials. The investigation will be conducted in a manner which, to the degree reasonable, protects any applicable legal privileges in regard to the investigation.

4. Once an investigation is completed, if determined appropriate by the General Counsel, the Corporate Compliance Committee and appropriate management of the Company shall be apprised and evaluate the results of the investigation and decide if any corrective, disciplinary or other action is warranted and shall direct and oversee implementation of any such action.

5. The Audit Committee of the Board of Directors, Executive Committee of the Board of Directors or the full Board of Directors shall be informed, as determined appropriate by the Corporate Compliance Committee or as required by law, regarding investigations and any actions taken or to be taken as a result of investigations under the Code.

D. Ongoing Evaluation of Program

1. The Company will monitor and audit compliance with the Code and applicable laws.

2. The Corporate Compliance Committee will review the effectiveness and content of the Program on a regular periodic basis. The Code and other compliance policies will be updated as appropriate.

6. International Matters

A. International Operations. Laws and customs vary throughout the world, but all employees must uphold the integrity of the Company in other nations as diligently as they would do so in the United States. When conducting business in other countries, it is imperative that employees be sensitive to foreign legal requirements and United States laws that apply to foreign operations, including the Foreign Corrupt Practices Act. The Foreign Corrupt Practices Act generally makes it unlawful to give anything of value to foreign government officials, foreign political parties, party officials, or candidates for public office for the purposes of obtaining, or retaining, business for the Company. Employees should contact the Internal Audit or Legal Department if they have any questions concerning a specific situation.

B. Sanctions and Trade Embargoes. The United States government uses economic sanctions and trade embargoes to further various foreign policy and national security objectives. Employees must abide by all economic sanctions or trade embargoes that the United States has adopted, whether they apply to foreign countries, political organizations or particular foreign individuals and entities. Inquires regarding whether a transaction on behalf of the Company complies with applicable sanction and trade embargo programs should be referred to the Legal Department.

C. Antiboycott. Certain countries have adopted boycott laws which are designed to discourage companies from doing business with Israel. Laws in the United States make it illegal for companies to abide by or acknowledge such boycotts.

7. Waivers

It is recognized that a rare circumstance might arise in which the Code should not apply. No waivers of the provisions of this Code to any Director or Executive Officer shall be made or granted unless approved by the Board of Directors (or a designated Committee of the Board) of the Company. Any such waiver shall be promptly disclosed by the Company.

USE OF COMPANY FUNDS AND RESOURCES

One critical element of the Company's reputation for integrity is its adherence to both legal and generally accepted ethical standards governing the use of Company funds and resources. The following directives provide specific standards of conduct to be followed:

1. No funds shall be used for any purpose which would be in violation of any applicable law; or to make payments to, or for the benefit of, domestic or foreign government employees; provided that gratuities in small amounts may be paid to foreign government employees if such gratuities merely enable the Company to receive services to which it would otherwise be entitled.

2. Funds or assets shall not be used, directly or indirectly, to make gifts to, provide entertainment for, or furnish assistance in the form of transportation or other services to, government employees or public officials, if such gifts, entertainment, or assistance would be a violation of governmental regulations or would adversely reflect on the Company's or the officials' integrity or reputation.

3. All assets and liabilities must be recorded in the regular books of the Company and its subsidiaries; no undisclosed or unrecorded funds or assets shall be established for any purpose; no false or artificial entries shall be made in the books and records for any reason; and no payments shall be approved or made with the intention or understanding that any part of such payments are to be used for any purpose other than that described by the material supporting the disbursement.

4. No direct or indirect political contributions shall be made with Company funds without the express approval of the Board of Directors and subject to review by the Company's General Counsel as to the legality of such contributions.

5. Any officer or employee who has information or knowledge of any violation of these directives shall promptly report the matter to the General Counsel or the appropriate corporate or divisional officer.

6. All officers and managers are obligated to seek advice and guidance from the Company's Legal Department in order to insure compliance with all applicable laws, rules and regulations.

7. All managers shall be responsible for the enforcement of, and compliance with, all policies of the Company, including distribution and communications to insure employee knowledge thereof and compliance therewith.

CONFLICT OF INTEREST

Directors and employees of the Company are expected to avoid involvements or situations which could interfere, or appear to interfere, with the impartial discharge of their responsibilities. Therefore, these persons shall NOT, for their own account or for the account of any other person, directly or indirectly:

1. Seek to profit from information about the business affairs, financial position, or any transactions of the Company which have not been publicly disseminated.

2. Divert to themselves or others any business or investment opportunity in which the Company is or might be interested if aware of the opportunity.

3. Become a director or officer of any firm or obtain any financial interest (other than the acquisition of publicly traded securities which do not exceed 3% of such enterprise or of such person's net worth) in any firm supplying goods or services to the Company or which purchases goods or services from the Company, unless authorized by the Board of Directors.

4. Have a proprietary interest in or participate in any business enterprise involving the manufacture or sale of any product which is competitive with or similar to products produced by the Company, or involving the offering of any type of services competitive with or similar to services offered by the Company. In addition, any conduct which might give rise to potential for misuse of the Company's trade secrets or confidential business information is also prohibited. However, this policy shall not preclude an investment interest in publicly held corporations which manufacture and sell such products or offer such services within the limits described in Paragraph 3 above.

5. Give or accept personal gifts, payments, favors, special considerations, discounts, etc. which are of more than a normal value, unless approved by the employee's manager. Common social amenities may be given or accepted without manager approval only if they are of the type that are normally associated with accepted business practice within the industry or relative work discipline. Additional management approval beyond the employee's manager should be secured if any doubt exists with respect to a particular item or situation.

6. Enter into personal transactions with suppliers of the Company or with customers of the Company other than on terms and conditions as are available to the public, except as disclosed to the Audit Committee of the Board of Directors.

PERSONAL RESPONSIBLITIES OF EMPLOYEES

All employees are expected to maintain high ethical standards in their actions and working relationships with customers, fellow employees, competitors, representatives of government, communication media and others. All employees of the Company are expected to act in business matters with dual responsibility to the public interest and the Company's interest, above their own.

In addition to being in compliance with all Company policies, all employees must also be in compliance with the following:

- Any employee who has information or knowledge of any violation of any Company Policies or any violation of a legal obligation or requirement shall promptly report the matter to their manager/supervisor, to any corporate or divisional officer, or to the General Counsel.

- All confidential information about the Company, including inventions, discoveries, formulas, trade secrets, customer lists, employee data, etc., as well as confidential information acquired by the Company from another company, individual or entity subject to a secrecy and proprietary rights agreement, shall be kept confidential during and subsequent to the period of employment with the Company.

- Information gathered on competitors, customers, suppliers, etc., must be acquired legally and in a manner consistent with the Company's high level of ethics and proper business conduct. Employees on the receiving end of another company's confidential information should alert their supervisor of the situation, who in turn should seek guidance from the Legal Department.

It is recognized that in many situations and issues involving ethical or moral judgment, it may be difficult to determine the right course of action with certainty. In such instances, employees shall not rely solely on their own judgment, but shall discuss the matter in full with their respective manager/supervisor. In such instances, full disclosure of the facts in a timely fashion and to the proper management level will serve to meet the employees' responsibilities with respect to this Policy.

TRADING IN DENTSPLY INTERNATIONAL INC. AND OTHER RELATED SECURITIES

Federal laws and regulations prohibit purchases and sales of the Company's stock and other related securities by directors, officers and employees on the basis of material information which is not generally available to the public. The passing of such inside information - "tipping" - to outsiders who may then trade on it is also prohibited. To assure compliance with these laws, the following rules apply to directors, officers and employees of the Company.

1. They shall not purchase or sell or otherwise trade in securities of the Company or derivative securities, such as listed stock options, while in possession of material, non-public information about the Company.

2. For purposes of this policy, the term "material information" means that information as to which there is a substantial likelihood that the information would be viewed by a reasonable investor as significantly altering the "total mix" of information available in making investment decisions.

3. "Non-public information" is that information which has not become generally available to the investing public, through such channels as the Company's publications, e.g., press releases, Annual and Interim Reports to Stockholders, Proxy Statements and SEC filings; as well as news articles, stock analysts' reports and like writings about the Company and subjects relating to its businesses.

4. They shall not divulge confidential - and possibly material - information about the Company, either to other employees or to outsiders, except on a "need-to-know" basis.

5. They shall not buy or sell securities of any other company about which material non-public information has been obtained through the performance of their position responsibilities at DENTSPLY International Inc.

Should there be any questions concerning the above with regard to any particular transaction involving DENTSPLY International Inc. securities or other related securities, please consult with the Legal Department prior to taking any action.

ACCURACY OF BOOKS, RECORDS POLICY AND PUBLIC STATEMENTS

The Company's financial records should accurately reflect the nature and purpose of all transactions.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, you must consult the Legal Department before taking any action with respect to any such records.

The Company's public statements, including press releases and public filings, shall not contain any material incorrect information and shall not omit any information necessary to make the statements contained therein not misleading. Required filings with the Securities and Exchange Commission ("SEC") shall be complete, timely and in compliance with the requirements of the SEC.

DISCRIMINATION AND HARASSMENT

The Company provides equal employment opportunities to all employees and applicants for employment without regard to race, color, religion, sex, national origin, age, non-job related disability, or status as a Vietnam-era or special disabled veteran in accordance with all applicable federal, state and local news, including executive orders as appropriate for any federal contracts. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation and training.

The Company expressly prohibits any form of employee harassment. This policy extends not only to the Company's employees, but also to all persons with whom the Company's employees deal, such as suppliers and customers.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and all other verbal or physical conduct of a sexual or otherwise offensive nature, and is prohibited especially where (a) submission to such conduct is made either explicitly or implicitly a term or condition of employment; (b) submission to or rejection of such conduct is used as the basis for decisions affecting an individual's employment; or (c) such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment. Furthermore, offensive comments, jokes, innuendoes, pictures, cartoons and other sexually oriented documents and statements are prohibited.

Each member of management is responsible for creating an atmosphere free of discrimination and harassment, sexual or otherwise. Further, employees are responsible for respecting the rights of their co-workers and expected to conduct themselves in a business-like manner at all times.

If an employee experiences any improper job-related harassment or believes they have been treated in an unlawful, discriminatory manner, they should first attempt to resolve the problem with the individual exhibiting the conduct toward them. If attempting to resolve the issue themselves is inappropriate or not successful, they should promptly report the occurrence to their supervisor, a member of management, or to a representative of the Human Resources Department. The Human Resources Department will investigate all matters related to discrimination and/or harassment and take proper action.

If the Company determines that an employee has engaged in harassment or other prohibited conduct, appropriate disciplinary action will be taken, up to and including termination of employment.

The Company prohibits any form of retaliation against any employee for filing a legitimate complaint under this policy or for assisting in a complaint investigation.

ANTITRUST LAW

The antitrust laws generally are intended to promote the free enterprise system by eliminating artificial restraints on competition. Violations of the antitrust laws can subject violators to criminal penalties and civil damages, and individuals to criminal penalties, imprisonment or both. These laws are often complex and not easily understood. Nevertheless, it has always been the uncompromising policy of the Company that its employees will comply strictly with such laws. Certain activities are legally deemed to be inherently anti-competitive and no defense of any kind will be permitted to justify or excuse the conduct. Other activities will constitute violations if they are anti-competitive and cannot otherwise be justified. It is difficult to provide specific directives governing employee conduct involved in such "rule of reason" activities because of the fact specific nature of antitrust analysis. However, based on well-established court decisions, no director, officer or employee should engage in any of the following conduct without first discussing the circumstances with the General Counsel.

1. Discuss with competitors past, present or future prices of or marketing plans for, any of the Company's products; or past, present or future prices paid or to be paid for products or materials purchased by the Company, or other business information affecting such prices ("price" includes all terms of sale, including discounts, allowances, promotional programs, credit terms and the like).

2. Discuss with competitors the division or allocation of markets, territories or customers, or discuss with customers the division or allocation among customers of their markets, territories or customers.

3. Discuss with competitors or customers the boycotting of third parties.

4. Reach an agreement or understanding with a customer on the specific price at which the customer will resell the Company's products.

Whenever an employee becomes involved in any activity in which a competitive restraint may be present or that could lead to a problem under the antitrust laws, he or she should consult with a member of the Legal Department before taking any action.

CERTIFICATION

Please indicate that you have received, read and understood the DENTSPLY Code of Business Conduct and Ethics by signing your name and dating the attached Acknowledgement and returning it promptly to your local Human Resources Department.

ACKNOWLEDGEMENT

I certify that I have received, read and understood the DENTSPLY Code of Business Conduct and Ethics.

- ---------------------------------
(signature)

- ---------------------------------
(print your name)

Division:_____

Date:_____