SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2009
Commission File Number 0-16211

DENTSPLY International Inc

(Exact name of registrant as specified in its charter)

Delaware	39-1434669
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
221 West Philadelphia Street, York, PA	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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes o No x

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 whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).
Yes 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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x   Accelerated filer ☐   Non-accelerated filer ☐   Smaller reporting company ☐

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

Yes o No x

The aggregate market value of the voting common stock held by non-affiliates of the registrant computed by reference to the closing price as of the last business day of the registrants most recently completed second quarter June 30, 2009, was $4,762,176,900.

The number of shares of the registrant's Common Stock outstanding as of the close of business on February 16, 2010 was 147,173,059.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the definitive Proxy Statement of DENTSPLY International Inc (the “Proxy Statement”) to be used in connection with the 2010 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K to the extent provided herein. Except as specifically incorporated by reference herein the Proxy Statement is not deemed to be filed as part of this Form 10-K.

PART I

Item 1. Business

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

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

History and Overview

DENTSPLY, a Delaware corporation, was created in 1899 as a manufacturer and distributor of artificial teeth, dental equipment and dental consumable products. Today, the Company continues to primarily focus on dental consumable products, dental laboratory products and dental specialty products.

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

Sales of the Company's dental products accounted for approximately 97% of DENTSPLY's consolidated net sales, excluding precious metal content, for the year ended December 31, 2009. The remaining 3% of consolidated net sales, excluding precious metal content, are related to materials sold to the investment casting industry and various medical products. The presentation of net sales, excluding precious metal content, is considered a measure not calculated in accordance with generally accepted accounting principles in the United States of America ("US GAAP"), and is therefore considered a non-US GAAP measure. This non-US GAAP measure is discussed further in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a reconciliation of net sales to net sales, excluding precious metal content, is provided.

Through the year ended December 31, 2009, the Company conducted its business through four operating segments, all of which were primarily engaged in the design, manufacture and distribution of dental products in three principal categories: 1) dental consumable products, 2) dental laboratory products and 3) dental specialty products.

In addition to the United States ("U.S."), 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, South Africa and the Pacific Rim. DENTSPLY has also established marketing activities in Moscow, Russia to serve the countries of the Commonwealth of Independent States ("CIS").

For 2009, 2008 and 2007, the Company's net sales, excluding precious metal content, to customers outside the U.S., including export sales, accounted for approximately 62%, 62% and 59%, respectively, of consolidated net sales, excluding precious metal content. Reference is made to the information about the Company's U.S. and foreign sales by shipment origin set forth in Note 4, Segment and Geographic Information, to the consolidated financial statements in this Form 10-K.

Principal Products

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

Dental Consumable Products

Dental consumable products consist of dental sundries and small equipment used in dental offices for the treatment of patients. Sales of dental consumable products, excluding precious metal content, accounted for approximately 35%, 34% and 35% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2009, 2008 and 2007, respectively.

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

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

Dental Laboratory Products

Dental laboratory products are used in the preparation of dental appliances by dental laboratories. Net sales of dental laboratory products, excluding precious metal content, accounted for approximately 17%, 18% and 19% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2009, 2008 and 2007, respectively.

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

Dental Specialty Products

Dental specialty products are specialized treatment products used within the dental office and laboratory settings. Net sales of dental specialty products, excluding precious metal content, accounted for approximately 45%, 45% and 43% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2009, 2008 and 2007, respectively. DENTSPLY's products in this category include endodontic (root canal) instruments and materials, implants and related products, bone grafting materials, 3D digital implantology and orthodontic appliances and accessories.

Markets, Sales and Distribution

DENTSPLY distributes approximately 56% 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 professionals in some markets. During 2009, 2008 and 2007, one customer, Henry Schein Incorporated, a dental distributor, accounted for 11%, 11% and 12%, respectively, of DENTSPLY's consolidated net sales. No other single customer represented ten percent or more of DENTSPLY's consolidated net sales during 2009, 2008 or 2007.

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

Although many of its sales are made to distributors, dealers and importers, DENTSPLY focuses its marketing efforts on the dentists, dental hygienists, dental assistants, dental laboratories and dental schools who are the end users of its products. As part of this end-user "pull through" marketing approach, DENTSPLY employs approximately 2,700 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 distributors, dealers and the end users. The Company conducts extensive distributor, dealer and end-user marketing programs. Additionally, the Company trains laboratory technicians, dental hygienists, dental assistants and dentists in the proper use of its products and introduces them to the latest technological developments at its educational courses located throughout the world. The Company also maintains ongoing relationships with various dental associations and recognized worldwide opinion leaders in the dental field, although there is no assurance that these influential dental professionals will continue to support the Company's products.

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

The U.S., Canada, Western Europe, Japan, Australia and certain other countries are highly developed markets that demand the most advanced dental procedures and products and have the highest level of expenditures for 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, 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 protect against infection and patient cross-contamination.

In certain countries in Central America, South America, Eastern Europe, Pacific Rim, Middle East and Africa, most dental care is often limited to the excavation and filling of cavities and other restorative techniques, reflecting more modest per capita expenditures for dental care. These markets demand diverse products, such as high and low speed handpieces, restorative compounds, finishing devices, custom restorative devices, basic surgical instruments, bridgework and artificial teeth for dentures. However, there is also a portion of the population in these markets that receive excellent dental care similar to that received in developed countries and expect to receive the best dental care available.

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

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

- Increasing worldwide population.

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

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

- The changing dental practice in North America and Western Europe – Dentistry in North America and Western Europe has been transformed from a profession primarily dealing with pain, infections and tooth decay to one with increased emphasis on preventive care and cosmetic dentistry.

- Per capita and discretionary incomes are increasing in emerging nations – As personal incomes continue to rise in the emerging nations of the Pacific Rim, CIS 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. Dental specialty products and products that support discretionary dental procedures are the most susceptible to recessionary conditions.

Product Development

Technological innovation and successful product development are critical to strengthening the Company's prominent position in worldwide dental markets, maintaining its leadership positions in product categories where it has a high market share and increasing market share in product categories where gains are possible. While many of DENTSPLY's existing products undergo evolutionary improvements, the Company also continues to successfully launch innovative products that represent fundamental change.

New advances in technology are also anticipated to have a significant influence on future products in dentistry. As a result, the Company pursues research and development initiatives to support this technological development, including collaborations with external research institutions and dental schools. Through its own internal research centers as well as through its collaborations with external research institutions and dental schools, the Company directly invested approximately $53.6 million, $52.3 million and $46.8 million for 2009, 2008 and 2007, respectively, in connection with the development of new products, improvement of existing products and advances in technology. The continued development of these areas is a critical step in meeting the Company's strategic goal as a leader in defining the future of dentistry.

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

Acquisition Activities

DENTSPLY believes that the dental products industry continues to experience consolidation with respect to both product manufacturing and distribution, although it continues to be fragmented creating a number of acquisition opportunities. In 2009, the Company made an additional earn-out payment on an acquisition completed in 2007 and purchased a small sales and marketing organization of 3D digital implantology products. The Company made several acquisitions in 2008, including a 60% ownership in Zhermack S.p.A., a dental consumables manufacturer and sales and marketing organization; E.S. Holding N.V., a manufacturer and sales and marketing organization of dental laboratory products; Dental Depot Lomberg B.V., a sales and marketing organization of orthodontic products; and Apollonia & Fama Implant S.r.l., a sales and marketing organization of dental implant products. The Company also purchased an additional interest in Materialise Dental in 2008.

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

Operating and Technical Expertise

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

Financing

DENTSPLY’s cash, cash equivalents and short-term investments increased by $246.1 million during the year ended December 31, 2009 to $450.4 million. DENTSPLY's total long-term debt, including the current portion, at December 31, 2009 and 2008 was $453.7 million and $427.7 million, respectively, and the ratios of long-term debt, including the current portion, to total capitalization were 19.2% and 20.5%. DENTSPLY defines total capitalization as the sum of total long-term debt, including the current portion, plus total equity. The Company’s long-term borrowings increased by a net of $26.0 million during the year ended December 31, 2009. This net change included a net increase in borrowings of $30.2 million during the year ended 2009, less a decrease of $4.2 million due to exchange rate fluctuations on debt denominated in foreign currencies. The Company may incur additional debt in the future, including, but not limited to, the funding of additional acquisitions and capital expenditures.

Additional information about DENTSPLY's working capital, liquidity and capital resources is provided in “Management's Discussion and Analysis of Financial Condition and Results of Operations” in this 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, its commitment to customer satisfaction and support of the Company’s products by dental professionals.

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

Regulation

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

Dental devices of the types sold by DENTSPLY are generally classified by the FDA into a category that renders them subject only to general controls that apply to all medical devices, including regulations regarding alteration, misbranding, notification, record-keeping and good manufacturing practices. In the European Union, DENTSPLY's products are subject to the medical devices laws of the various member states, which are based on a Directive of the European Commission. Such laws generally regulate the safety of the products in a similar way to the FDA regulations. DENTSPLY products in Europe bear the CE mark 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 U.S. Public Health Service have each indicated that no direct hazard to humans from exposure to dental amalgams has been demonstrated. In response to concerns raised by certain consumer groups regarding dental amalgam, the FDA formed an advisory committee in 2006 to review peer-reviewed scientific literature on the safety of dental amalgam. In July 2009, the FDA concluded its review of dental amalgam, confirming its use as a safe and effective restorative material. Also, as a result of this review, the FDA classified amalgam and its component parts, elemental mercury and powder alloy, as a Class II medical device. Previously there was no classification for encapsulated amalgam and dental mercury (Class I) and alloy (Class II) were classified separately. This new regulation places encapsulated amalgam in the same class of devices as most other restorative materials, including composite and gold fillings.

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

Sources and Supply of Raw Materials and Finished Goods

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

Intellectual Property

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

DENTSPLY's policy is to protect its products and technology through patents and trademark registrations in the U.S. 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, 2009, the Company and its subsidiaries employed approximately 9,300 employees. A small percentage of the Company's U. S. employees are represented by labor unions. A facility in Des Plaines, Illinois is represented by the International Association of Machinists and Aerospace Workers AFL-CIO, under a collective bargaining agreement that expires on May 31, 2012. Additionally, the Company's Ransom & Randolph facility in Maumee, Ohio is 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, 2012. In Germany, approximately 45% of DeguDent employees, approximately 30% of Friadent employees, approximately 23% of VDW employees and approximately 30% of DeTrey employees are represented by labor unions. The Company provides pension and postretirement benefits to many of its employees (see Note 13, Benefits Plans, to the consolidated financial statements). The Company believes that its relationship with its employees is good.

Environmental Matters

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

Other Factors Affecting the Business

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

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 ("SEC").

The public may read and copy any materials the Company files with the SEC at its Public Reference Room at the following address:
The Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

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

Item 1A. Risk Factors

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

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

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

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

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

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

DENTSPLY, with its significant international operations, is subject to fluctuations in exchange rates of various foreign currencies and other risks associated with foreign trade and the impact of currency fluctuations in any given period can be favorable or unfavorable. The Company’s balance sheet includes debt and net investment hedges that are sensitive to movements in interest and foreign exchange rates. Changes in interest rates and foreign exchange rates may have an adverse effect on the Company’s results of operations, financial condition and liquidity.

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

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

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

The market price for the Company’s common stock may be volatile.

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

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

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

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

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

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

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

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

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

Challenges may be asserted against the Company's dental amalgam product.

All dental amalgam filling materials, including those manufactured and sold by DENTSPLY, contain mercury. Some groups have asserted that amalgam should be discontinued because of its mercury content and/or that disposal of mercury containing products may be harmful to the environment. If governmental authorities elect to place restrictions or significant regulations on the sale and/or disposal of dental amalgam, that could have an adverse impact on the Company's sales of dental amalgam.

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

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

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

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

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

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

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

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

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

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

The Company faces the inherent risk of litigation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

The following is a listing of DENTSPLY's principal manufacturing and distribution locations as of December 31, 2009:

Location	Function	Leased or Owned
United States:		
Milford, Delaware (1)	Manufacture of dental consumable products	Owned
Bradenton, Florida (3)	Manufacture of orthodontic accessory products	Leased
Baldwin, Georgia (3)	Manufacture of orthodontic accessory products	Leased
Des Plaines, Illinois (1)	Manufacture and assembly of dental handpieces	Leased
Elgin, Illinois (1)	Manufacture of dental x-ray film holders, film mounts and accessories	Owned/Leased
Bohemia, New York (3)	Manufacture and distribution of orthodontic products and materials	Leased
Maumee, Ohio (4)	Manufacture and distribution of investment casting products	Owned
Lancaster, Pennsylvania (5)	Distribution of dental products	Leased
York, Pennsylvania (4)	Manufacture and distribution of artificial teeth and other dental laboratory products	Owned
York, Pennsylvania (1)	Manufacture of small dental equipment, bone grafting products, and preventive dental products	Owned
Johnson City, Tennessee (3)	Manufacture and distribution of endodontic instruments and materials	Leased
Foreign:		
Beringen, Belgium (4)	Manufacture and distribution of dental products	Owned/Leased
Leuven, Belgium (4)	Manufacture and distribution of 3D digital implantology	Leased
Catanduva, Brazil (3)	Manufacture and distribution of dental anesthetic products	Owned
Petropolis, Brazil (3)	Manufacture and distribution of artificial teeth and dental consumable products	Owned
Shanghai, China (4)	Manufacture and distribution of dental products	Leased
Tianjin, China (2)	Manufacture and distribution of dental products	Leased
Ivry Sur-Seine, France (2)	Manufacture and distribution of investment casting products	Leased
Bohmte, Germany (4)	Manufacture and distribution of dental laboratory products	Owned

Hanau, Germany (4)	Manufacture and distribution of precious metal dental alloys, dental ceramics and dental implant products	Owned
Konstanz, Germany (1)	Manufacture and distribution of dental consumable products	Owned
Mannheim, Germany (4)	Manufacture and distribution of dental implant products	Owned/Leased
Munich, Germany (3)	Manufacture and distribution of endodontic instruments and materials	Owned
Radolfzell, Germany (5)	Distribution of dental products	Leased
Rosbach, Germany (4)	Manufacture and distribution of dental ceramics	Owned
Badia Polesine, Italy (1)	Manufacture and distribution of dental consumable products	Owned/Leased
Nasu, Japan (2)	Manufacture and distribution of precious metal dental alloys, dental consumable products and orthodontic products	Owned
Hoorn, Netherlands (4)	Manufacture and distribution of precious metal dental alloys and dental ceramics	Owned
HA Soest, Netherlands (3)	Distribution of orthodontic products	Leased
Warsaw, Poland (1)	Manufacture and distribution of dental consumable products	Owned
Las Piedras, Puerto Rico (4)	Manufacture of crown and bridge materials	Owned
Ballaigues, Switzerland (3)	Manufacture and distribution of endodontic instruments, plastic components and packaging material	Owned
Le Creux, Switzerland (3)	Manufacture and distribution of endodontic instruments	Owned

(1) These properties are included in the U. S., Germany, and Certain Other European Regions Consumable Businesses segment.
(2) These properties are included in the France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses segment.
(3) These properties are included in the Canada/Latin America/Endodontics/Orthodontics segment.
(4) These properties are included in the Dental Laboratory Business/Implants/Non-Dental segment.
(5) This property is a distribution warehouse not managed by named segments.

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

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

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

Item 3. Legal Proceedings

Incorporated by reference to Part II, Item 8, Note 17, Commitments and Contingencies, to the Consolidated Financial Statements.

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 22, 2010.

Name	Age	Position
Bret W. Wise	49	Chairman of the Board and Chief Executive Officer
Christopher T. Clark	48	President and Chief Operating Officer
William R. Jellison	52	Senior Vice President and Chief Financial Officer
James G. Mosch	52	Executive Vice President
Robert J. Size	51	Senior Vice President
Albert J. Sterkenburg	46	Senior Vice President
Brian M. Addison	55	Vice President, Secretary and General Counsel

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

Christopher T. Clark has served as Chief Operating Officer of the Company since January 1, 2007, also serving as President since January 1, 2009 and as Executive Vice President in 2007 and 2008. Prior to that time, Mr. Clark served as Senior Vice President (2003 - 2005), as Vice President and General Manager of DENTSPLY's global imaging business (1999 - 2002), as Vice President and General Manager of the Prosthetics Division (1996 - 1999), and as Director of Marketing of DENTSPLY'S Prosthetics Division (1992 - 1996). Prior to September 1992, Mr. Clark held various brand management positions with Proctor & Gamble.

William R. Jellison has served as Senior Vice President and Chief Financial Officer of the Company since January 2005, a position he also held from April 1998 until November 2002. From November 2002 until January 2005, Mr. Jellison served as a Senior Vice President with operating responsibilities. Prior to April 1998, 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.

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

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

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

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

PART II

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

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

The Board of Directors has authorized the Company to repurchase shares under its stock repurchase program in an amount up to 17,000,000 shares of treasury stock. The table below contains certain information with respect to the repurchase of shares of the Company's common stock during the quarter ended December 31, 2009.

(in thousands, except per share amounts)

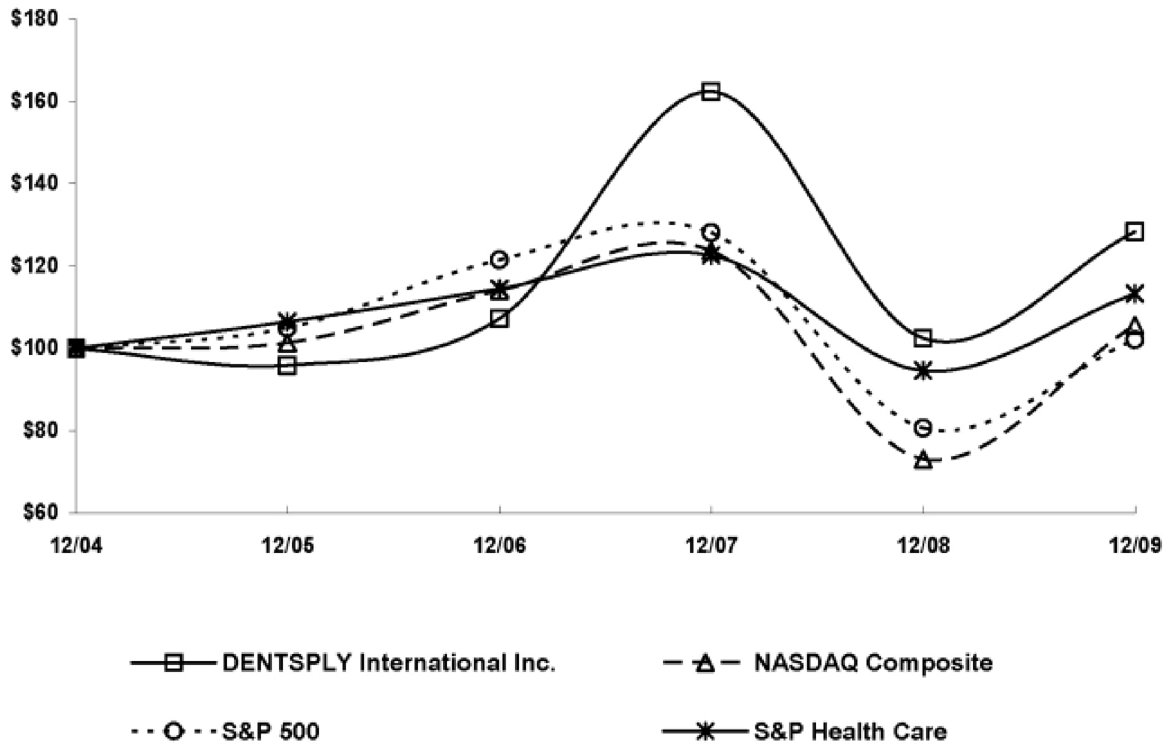
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Cost of Shares Purchased	Number of Shares that May be Purchased Under the Share Repurchase Program
October 1-31, 2009	76.3	$ 33.01	$ 2,518.7	2,651.4
November 1-30, 2009	1,652.9	33.24	54,946.6	1,329.4
December 1-31, 2009	-	-	-	1,185.6
	1,729.2	$ 33.23	$ 57,465.3	

Performance Graph

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

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among DENTSPLY International Inc., The NASDAQ Composite Index,
The S&P 500 Index And The S&P Health Care Index



*$100 invested on 12/31/04 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

	12/04	12/05	12/06	12/07	12/08	12/09
DENTSPLY International Inc	**100.00**	**95.97**	**107.24**	**162.42**	**102.43**	**128.40**
NASDAQ Composite	**100.00**	**101.33**	**114.01**	**123.71**	**73.11**	**105.61**
S&P 500	**100.00**	**104.91**	**121.48**	**128.16**	**80.74**	**102.11**
S&P Health Care	**100.00**	**106.46**	**114.48**	**122.67**	**94.69**	**113.34**

Item 6. Selected Financial Data

The information set forth under the caption “Selected Financial Data” is filed as part of this 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 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 Form 10-K.

Item 8. Financial Statements and Supplementary Data

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

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

Not applicable.

Item 9A. Controls and Procedures

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

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report were effective 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 and that it is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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

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

(c) Changes in Internal Control Over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting that occurred during the quarter ended December 31, 2009 that have materially affected, or are likely to materially affect, its internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information (i) set forth under the caption "Executive Officers of the Registrant" in Part I of this Form 10-K and (ii) set forth under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2010 Proxy Statement is incorporated herein by reference.

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to the Chief Executive Officer and the Chief Financial Officer and substantially all of the Company's management level employees. A copy of the Code of Business Conduct and Ethics is available upon request without charge by writing to DENTSPLY International Inc, Attention: Investor Relations Suite 60, 221 West Philadelphia Street, York, PA 17401.

Item 11. Executive Compensation

The information set forth under the caption "Executive Compensation" in the 2010 Proxy Statement is incorporated herein by reference.

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

The information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" and "Securities Authorized for Issuance Under Equity Compensation Plans" in the 2010 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required under this item number is presented in the 2010 Proxy Statement, which is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information set forth under the caption "Relationship with Independent Registered Public Accounting Firm" in the 2010 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedule

(a) Documents filed as part of this Report

1. Financial Statements

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

Management's Report on Internal Control Over Financial Reporting
Report of Independent Registered Public Accounting Firm
Consolidated Statements of Operations - Years ended December 31, 2009, 2008 and 2007
Consolidated Balance Sheets - December 31, 2009 and 2008
Consolidated Statements of Equity and Comprehensive Income - Years ended December 31, 2009, 2008 and 2007
Consolidated Statements of Cash Flows - Years ended December 31, 2009, 2008 and 2007
Notes to Consolidated Financial Statements

2. Financial Statement Schedule

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

Schedule II — Valuation and Qualifying Accounts.

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

3. Exhibits

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

Exhibit Number		Description
3.1		Restated Certificate of Incorporation (1)
3.2		By-Laws, as amended (8)
4.1	(a)	United States Commercial Paper Issuing and paying Agency Agreement dated as of August 12, 1999 between the Company and the Chase Manhattan Bank (2)
	(b)	United States Commercial Paper Dealer Agreement dated as of March 28, 2002 between the Company and Salomon Smith Barney Inc. (3)
	(c)	Japanese Yen Term Loan Agreement, due March 28, 2012 dated as of July 31, 2008 (8)
4.2	(a)	Floating Rate Senior Notes Agreement, due March 13, 2010 dated as of March 13, 2007 (4)
4.3	(a)	5-Year Competitive Advance, Revolving Credit and Guaranty Agreements dated as of May 9, 2005 among the Company, the Initial Lenders named therein, the banks named therein, Citibank N.A. as Administrative Agent, JPMorgan Chase Bank, N.A. as Syndication Agent, Harris Trust and Savings Bank, Manufacturers and Traders Trust Company, and Wachovia Bank, N.A. as Co-Documentation Agents, and Citigroup Global Markets, Inc. and J.P. Morgan Securities Inc. as Joint Lead Arrangers and Joint Bookrunners. (5)
4.4		Private Placement Note Purchase Agreement, due February 19, 2016 dated as of October 16, 2009
10.1		1998 Stock Option Plan (6)
10.2		2002 Amended and Restated Equity Incentive Plan (4)
10.3		Restricted Stock Unit Deferral Plan (4)
10.4	(a)	Trust Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price Trust Company dated as of November 1, 2000 (7)
	(b)	Plan Recordkeeping Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price Trust Company dated as of November 1, 2000 (7)
10.5		DENTSPLY Supplemental Saving Plan Agreement dated as of December 10, 2007 (4)
10.6		Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Bret W. Wise* (4)
10.7		Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Christopher T. Clark* (4)

10.8		Amended and Restated Employment Agreement entered February 19, 2008 between the Company and William R. Jellison* (4)
10.9		Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Brian M. Addison* (4)
10.10		Amended and Restated Employment Agreement entered February 19, 2008 between the Company and James G. Mosch* (4)
10.11		Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Robert J. Size* (4)
10.12		Amended and Restated Employment Agreement entered January 1, 2009 between the Company’s subsidiary, DeguDent GMBH and Albert Sterkenburg* (8)
10.13		DENTSPLY International Inc Directors' Deferred Compensation Plan effective January 1, 2008, as amended* (8)
10.14		Board Compensation Arrangement*
10.15		Supplemental Executive Retirement Plan effective January 1, 1999, as amended January 1, 2008* (8)
10.16		Written Description of the Amended and Restated Incentive Compensation Plan* (8)
10.17		AZ Trade Marks License Agreement, dated January 18, 2001 between AstraZeneca AB and Maillefer Instruments Holdings, S.A. (9)
10.18	(a)	Precious metal inventory Purchase and Sale Agreement dated November 30, 2001, as amended October 10, 2006 between Bank of Nova Scotia and the Company (10)
	(b)	Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between JPMorgan Chase Bank and the Company (9)
	(c)	Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between Mitsui & Co., Precious Metals Inc. and the Company (9)
	(d)	Precious metal inventory Purchase and Sale Agreement dated December 15, 2005 between ABN AMRO NV, Australian Branch and the Company (5)
	(e)	Precious metal inventory Purchase and Sale Agreement dated January 30, 2002 between Dresdner Bank AG, Frankfurt, and the Company (4)
10.19		Executive Change in Control Plan for foreign executives, as amended December 31, 2008*
21.1		Subsidiaries of the Company
23.1		Consent of Independent Registered Public Accounting Firm - PricewaterhouseCoopers LLP
31		Section 302 Certification Statements
32		Section 906 Certification Statement
101.INS		XBRL Instance Document
101.SCH		XBRL Taxonomy Extension Schema Document
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF		XBRL Taxonomy Extension Definition Linkbase Document
101.LAB		XBRL Extension Labels Linkbase Document
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan.

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

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

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

(4) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2007, File No. 0-16211.

(5) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2005, File No. 0-16211.

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

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

(8) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2008, File No. 0-16211.

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

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

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 and 2007

(in thousands)		Additions				
Description	Balance at Beginning of Period	Charged (Credited) To Costs And Expenses	Charged to Other Accounts	Write-offs Net of Recoveries	Translation Adjustment	Balance at End of Period
Allowance for doubtful accounts:						
For Year Ended December 31,						
2007	$ 16,183	$ 2,854	$ (182)	$ (1,927)	$ 1,650	$ 18,578
2008	18,578	3,674	(348)	(1,705)	(1,350)	18,849
2009	18,849	(3,124) (a)	17	(4,253)	746	12,235
Allowance for trade discounts:						
For Year Ended December 31,						
2007	$ 457	$ (155)	$ -	$ -	$ 5	$ 307
2008	307	267	4	-	(59)	519
2009	519	505	-	-	79	1,103
Inventory valuation reserves:						
For Year Ended December 31,						
2007	$ 26,305	$ 3,134	$ (449)	$ (4,525)	$ 1,725	$ 26,190
2008	26,190	3,261	1,938	(1,981)	(1,019)	28,389
2009	28,389	5,883	80	(3,610)	1,190	31,932
Deferred tax asset valuation allowance:						
For Year Ended December 31,						
2007	$ 49,379	$ 7,076	$ -	$ (11,124) (b)	$ 4,919	$ 50,250
2008	50,250	603	-	(13,203) (c)	(909)	36,741
2009	36,741	13,419	-	-	1,649	51,809

(a) See Note 1, Significant Accounting Policies, to the consolidated financial statements, for further discussion.
(b) The significant increase for write-offs during 2007 is the result of a global tax restructuring project, where-in net operating losses subject to a full valuation allowance are not available for future use.
(c) The write-offs during 2008 are the result of a global tax restructuring project, tax audit closures, and expired tax losses.

DENTSPLY INTERNATIONAL INC AND SUBSIDIARIES
SELECTED FINANCIAL DATA
(in thousands, except per share amounts)

	Year ended December 31,					
	2009	2008	2007	2006	2005	
Statements of Operations Data:						
Net sales	$ 2,159,916	$ 2,193,723	$ 2,009,833	$ 1,810,496	$ 1,715,135	
Net sales, excluding precious metal content	1,991,204	1,993,800	1,819,899	1,623,074	1,542,711	
Gross profit	1,111,304	1,151,944	1,040,783	929,011	869,018	
Restructuring, impairments and other costs	6,890	32,355	10,527	7,807	232,755	(a)
Operating income	381,187	380,421	354,891	314,794	72,922	
Income before income taxes	363,356	354,873	358,192	314,837	71,038	
Net income attributable to DENTSPLY International	$ 274,258	$ 283,869	$ 259,654	$ 223,718	$ 45,413	
Earnings per common share:						
Basic	$ 1.85	$ 1.90	$ 1.71	$ 1.44	$ 0.29	
Diluted	$ 1.83	$ 1.87	$ 1.68	$ 1.41	$ 0.28	
Cash dividends declared per common share	$ 0.200	$ 0.185	$ 0.165	$ 0.145	$ 0.125	
Weighted Average Common Shares Outstanding:						
Basic	148,319	149,069	151,707	155,229	159,191	
Diluted	150,102	151,679	154,721	158,271	162,017	
Balance Sheets Data:						
Cash, cash equivalents and short-term investments	$ 450,385	$ 204,249	$ 316,323	$ 65,143	$ 434,525	
Property, plant and equipment, net	439,619	432,276	371,409	329,616	316,218	
Goodwill and other intangibles, net	1,401,682	1,380,744	1,203,587	1,063,030	1,001,827	
Total assets	3,087,932	2,830,400	2,675,569	2,181,350	2,410,373	
Total debt and notes payable	469,325	449,474	483,307	370,156	682,316	
Equity	1,906,958	1,659,413	1,516,402	1,273,835	1,246,596	
Return on average equity	15.4%	17.9%	18.6%	17.8%	3.4%	
Long-term debt to total capitalization	19.2%	20.5%	24.1%	22.4%	35.3%	
Other Data:						
Depreciation and amortization	$ 65,175	$ 56,929	$ 50,289	$ 47,434	$ 50,560	
Cash flows from operating activities	362,489	335,981	387,697	271,855	232,769	
Capital expenditures	56,481	76,440	64,163	50,616	45,293	
Interest expense (income), net	16,864	15,438	(2,645)	(1,683)	8,768	
Inventory days	99	103	92	94	87	
Receivable days	55	54	51	57	53	
Effective tax rate	24.5%	20.2%	27.5%	28.9%	36.1%	

(a) The Company recorded $230.8 million of impairment and restructuring charges related to the closing of the pharmaceutical manufacturing facility outside of Chicago.

Item 7.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

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

OVERVIEW

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

Key Measurements

The principal measurements used by the Company in evaluating its business are: (1) internal growth by geographic region; (2) constant currency growth by geographic region; (3) operating margins of each reportable segment; (4) the development, introduction and contribution of innovative new products; (5) growth through acquisition; and (6) continued focus on controlling costs and enhancing efficiency.

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

Management believes that an average internal growth rate of 4-6% is a long-term sustainable rate for the Company. The internal growth rate may vary outside of this range based on weaker or stronger economic conditions. Management expects the Company to operate below this range in the near future due to the current economic conditions; however, history shows that growth in the dental industry typically performs better than the overall economy. There can be no assurance that the Company's assumptions concerning the growth rates in its markets or the dental market generally will continue in the future. If such rates are less than expected, the Company's projected growth rates and results of operations may be adversely affected.

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

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

Company’s Response to Economic Conditions

Price changes, other marketing and promotional programs offered to customers from time to time, the management of inventory levels by distributors and the implementation of strategic initiatives may impact sales and inventory levels in a given period. Due to the current economic conditions, the overall dental market has been negatively impacted by inventory reductions in its distribution channels, particularly in certain emerging market regions.

Additionally, the current conditions of the economy have negatively impacted the Company’s gross profit rate. Unfavorable product and geographic sales mix, unfavorable overhead absorption and movements in foreign currencies are the key factors that have recently affected the Company’s gross profits. The Company continues to manage these negative factors to help minimize their impact on the Company’s overall performance.

Due to the international nature of DENTSPLY’s business, movements in foreign exchange rates may impact the Consolidated Statements of Operations. With over 60% of the Company’s sales located in regions outside the U.S., the Company’s sales are significantly impacted by the strengthening or weakening of the U.S. dollar. As discussed further under the segment descriptions, the Company was negatively impacted by the movements in currencies in 2009.

The Company has always maintained its focus on minimizing costs and achieving operational efficiencies. In response to the recent credit crisis and the recessionary economic conditions, management is concentrating on cost containment that focuses the business on creating and maintaining operational and financial flexibility through controlling operating costs. Management will continue to evaluate the consolidation of operations or functions and reduce the cost of those operations and functions. In addition, the Company remains focused on enhancing efficiency through expanded use of technology and process improvement initiatives. The Company believes that the benefits from these initiatives will improve the cost structure and help offset areas of rising costs such as energy, employee benefits, and regulatory oversight and compliance.

In response to the recent economic conditions, the Company initiated several restructuring plans that included targeted headcount reductions and business consolidations and reorganizations in late 2008 through 2009. The Company began to realize the cost savings associated with these restructuring plans in 2009 and expects to realize incremental cost savings associated with these restructuring plans in 2010. (See Note 14, Restructuring, Impairments and Other Costs, to the consolidated financial statements).

Reclassification of Prior Year Amounts

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

RESULTS OF OPERATIONS

2009 Compared to 2008

Net Sales

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

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

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

(in millions)	Year Ended December 31, 2009	2008	$ Change	% Change
Net sales	$ 2,159.9	$ 2,193.7	$ (33.8)	(1.5)%
Less: Precious metal content of sales	168.7	199.9	(31.2)	(15.6)%
Net sales, excluding precious metal content	$ 1,991.2	$ 1,993.8	$ (2.6)	(0.1)%

Net sales, excluding precious metal content, for 2009 was $1,991.2 million, which remained relatively unchanged when compared to 2008. Net sales, excluding precious metal content, included constant currency growth of 2.3%, offset by currency translation, which reduced sales by 2.4%. The constant currency sales growth was comprised of acquisition growth of 4.5%, partially offset by internal growth of negative 2.2%. Sales for dental products grew on a constant currency basis by 3.0%, including internal growth of negative 1.3% and acquisition growth of 4.3%.

Internal Sales Growth

United States

In 2009, net sales, excluding precious metal content, decreased 0.9% in the United States on a constant currency basis, including 1.0% acquisition growth and internal growth of negative 1.9%. The negative internal growth was primarily driven by lower sales in dental laboratory and non-dental products, which was partially offset by internal growth in dental consumables products.

Europe

In 2009, net sales, excluding precious metal content, increased 4.0% in Europe on a constant currency basis, including 7.8% acquisition growth and internal growth of negative 3.8%. The negative internal growth was primarily driven by lower sales in dental consumables, dental laboratory products and non-dental products, which was partially offset by internal growth in dental specialty products.

All Other Regions

In 2009, net sales, excluding precious metal content, increased 4.6% across all other regions on a constant currency basis, including 4.3% acquisition growth and internal growth of 0.3%. The dental consumables and dental specialty products had positive internal growth, which was partially offset by negative internal growth in dental laboratory and non-dental products.

Gross Profit

(in millions)	Year Ended December 31, 2009	2008	$ Change	% Change
Gross profit	$ 1,111.3	$ 1,151.9	$ (40.6)	(3.5)%
Gross profit as a percentage of net sales, including precious metal content	51.5%	52.5%		
Gross profit as a percentage of net sales, excluding precious metal content	55.8%	57.8%		

Gross profit as a percentage of net sales, excluding precious metal content, decreased 2.0 percentage points in 2009 compared to 2008. The decrease is the result of unfavorable product and geographic sales mix, unfavorable manufacturing overhead absorption and movements in foreign currencies. Additionally, acquisitions completed in 2008 negatively impacted gross profit as a percentage of net sales.

Expenses

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

(in millions)	Year Ended December 31, 2009	2008	$ Change	% Change
SG&A expenses	$ 723.2	$ 739.2	$ (16.0)	(2.2)%
SG&A expenses as a percentage of net sales, including precious metal content	33.5%	33.7%		
SG&A expenses as a percentage of net sales, excluding precious metal content	36.3%	37.1%		

The reduction in SG&A expenses as a percentage of net sales, excluding precious metal content, was largely the result of the Company’s focus on cost containment in response to the recessionary economic conditions that occurred in late 2008 through 2009. In early 2009, the Company undertook action on discretionary expense categories, such as travel, and addressed non-discretionary expense categories where appropriate. Additionally, the Company executed several restructuring plans that focused on reductions in overhead spending. Although cost reductions were made across the Company, management continues to focus on controlling costs while creating and maintaining financial flexibility. These cost containment efforts were partially offset by a higher percentage of SG&A expenses in businesses acquired in 2008, costs related to the 2009 biennial International Dental Show and cost increases and higher investments in sales and marketing to support future growth in certain geographic areas.

Restructuring, Impairments and Other Costs

(in millions)	Year Ended December 31, 2009	2008	$ Change	% Change
Restructuring, impairments and other costs	$ 6.9	$ 32.4	$ (25.5)	NM

NM- not meaningful

The Company recorded net restructuring, impairments and other costs of $6.9 million in 2009 compared to $32.4 million in 2008. The Company incurred $5.9 million of costs in 2009 related to several restructuring plans in response to the worldwide economic crisis that began in late 2008. The restructuring plans related to the closure and/or consolidation of certain production and selling facilities in the United States, Europe and South America to better leverage the Company’s resources by reducing costs and obtaining operational efficiencies. Additionally, the Company executed targeted reductions in workforce both in the manufacturing and non-manufacturing business functions in certain locations. Also, the Company recorded certain other costs related to legal matters and an impairment of an intangible asset.

In 2008, the Company recorded costs of $24.2 million related to legal settlements and impairments of long-term assets. The legal settlements related to several legal matters with multiple plaintiffs. These cases included a patent dispute and cases relating to a prior distribution practice of the Company in connection with the sale of artificial teeth. The impairment charge was related to abandonment of patented technology purchased in 2005 and the impairment of a long-term note receivable recorded from a sale of a business in 2006. The impairment of the long-term note receivable occurred as the result of a change in payment terms on the non-interest bearing note receivable. Additionally, the Company initiated several restructuring plans primarily related to the closure and consolidation of certain production and selling facilities in the United States, Europe and Asia to better leverage the Company’s resources by reducing costs and obtaining operational efficiencies. These restructuring plans included charges of $5.9 million. Additionally, the Company expensed $2.3 million for the fair value of in-process research and development associated with acquired businesses (See Note 14, Restructuring, Impairments and Other Costs, to the consolidated financial statements).

Other Income and Expenses

(in millions)	Year Ended December 31, 2009	2008	$ Change
Net interest expense	$ 16.9	$ 15.4	$ 1.5
Other expense, net	1.0	10.1	(9.1)
Net interest and other expense	$ 17.9	$ 25.5	$ (7.6)

Net Interest Expense

The change in net interest expense in 2009 compared to 2008 was primarily due to lower interest rates earned on invested cash balances offset by lower average debt and interest rates on the Company's Euro net investment hedges. The impact of the Company's net investment hedges typically move in the opposite direction of currency movements, reducing some of the volatility caused by movement in exchange rates on the Company's income and equity.

Other Expense, Net

Other expense in the 2009 period included approximately $0.3 million of currency transaction losses and $0.7 million of other non-operating costs. The 2008 period included $8.9 million of currency transaction losses and $1.2 million of other non-operating costs. In the fourth quarter of 2008, currency exchange rate volatility was extremely high and global currencies weakened versus the U.S. Dollar. The Company incurred transaction losses, mostly in the fourth quarter of 2008, on settlement of intercompany and third party transactions.

Income Taxes and Net Income

(in millions, except per share amounts)	Year Ended December 31, 2009	2008	$ Change
Effective income tax rate	24.5%	20.2%	
Net income attributable to DENTSPLY International	$ 274.3	$ 283.9	$ (9.6)
Diluted earnings per common share	$ 1.83	$ 1.87	

Income Taxes

The Company's effective income tax rates for 2009 and 2008 were 24.5% and 20.2%, respectively. In 2009, the Company's effective income tax rate included the impact of restructuring, impairments and other costs, acquisition related activity and various income tax adjustments, which impacted income before income taxes and the provision for income taxes by $11.0 million and $8.8 million, respectively. In 2008, the Company's effective income tax rate included the impact of restructuring, impairments and other costs, acquisition related activity, provisions for the fair value measurement adjustment and various income tax adjustments, which impacted income before income taxes and the provision for income taxes by $30.5 million and $28.3 million, respectively. The various income tax adjustments included the impact of settlements with taxing authorities and statutes closures for both periods.

Net Income attributable to DENTSPLY International

Diluted earnings per common share during 2009 were $1.83 compared to $1.87 during the same period in 2008. Net income attributable to DENTSPLY International in 2009 includes restructuring, impairments and other costs of $5.1 million, or $0.03 per diluted share, net of tax and noncontrolling interests, and income tax related adjustments benefit of $5.4 million, or $0.03 per diluted share, net of tax and noncontrolling interests, and acquisition related activity expenses, net of tax and noncontrolling interests, of $1.8 million, or $0.01 per diluted share. Net income attributable to DENTSPLY International in 2008 includes an after tax impact from restructuring, impairments and other costs of $19.8 million, or $0.13 per diluted share and a net income tax benefit of $17.1 million, or $0.11 per diluted share due to income tax related adjustments, and provisions for the fair value measurement adjustment, net of tax of $1.1 million or $0.01 per diluted share.

Operating Segment Results

The Company's operating businesses are combined into operating groups, which have overlapping product offerings, geographic presence, customer bases, distribution channels and regulatory oversight. These operating groups are considered the Company's reportable segments as the Company's chief operating decision-maker regularly reviews financial results at the operating group level and uses this information to manage the Company's operations. Each of these operating groups covers a wide range of product categories and geographic regions. The product categories and geographic regions often overlap across the groups. Further information regarding the details of each group is presented in Note 4, Segment and Geographic Information, to the consolidated financial statements. The management of each group is evaluated for performance and incentive compensation purposes on net third party sales, excluding precious metal content, and segment operating income.

In January 2009, the Company moved the reporting responsibility for several locations between segments which resulted in a change to the management structure and helped the Company gain operating efficiencies and effectiveness. The segment information below reflects this revised structure for all periods shown.

Net Sales, excluding precious metal content
(in millions)

	Year Ended December 31, 2009	2008	$ Change	% Change
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 526.7	$ 459.7	$ 67.0	14.6%
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	$ 419.4	$ 437.5	$ (18.1)	(4.1)%
Canada/Latin America/Endodontics/ Orthodontics	$ 618.4	$ 628.9	$ (10.5)	(1.7)%
Dental Laboratory Business/ Implants/Non-Dental	$ 429.6	$ 471.1	$ (41.5)	(8.8)%

Segment Operating Income
(in millions)

	Year Ended December 31, 2009	2008	$ Change	% Change
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 158.4	$ 162.7	$ (4.3)	(2.6)%
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	$ 18.7	$ 13.0	$ 5.7	43.8%
Canada/Latin America/Endodontics/ Orthodontics	$ 185.8	$ 200.1	$ (14.3)	(7.1)%
Dental Laboratory Business/ Implants/Non-Dental	$ 93.6	$ 124.9	$ (31.3)	(25.1)%

U.S., Germany and Certain Other European Regions Consumable Businesses

Net sales, excluding precious metal content, increased 14.6% during the year ended December 31, 2009 compared to 2008. On a constant currency basis, sales increased 15.7%, which was driven by acquisition growth.

Operating income decreased $4.3 million during the year ended December 31, 2009 compared to 2008. Operating income was negatively affected by lower sales in Europe, unfavorable product and geographic sales mix, and currency translation. In addition, the decrease was partially attributable to the roll-off of inventory step-up related to an acquisition completed in late 2008. The segment, excluding an acquisition completed in 2008, reduced operating expenses during 2009 when compared to the same period in 2008.

France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses

Net sales, excluding precious metal content, decreased 4.1% during the year ended December 31, 2009 compared to 2008, of which negative 2.7% was the result of currency translation. On a constant currency basis, sales were negative 1.4% primarily due to lower sales in the CIS partially offset by an acquisition and growth in the Pacific Rim.

Operating income increased $5.7 million during the year ended December 31, 2009 compared to 2008. The increase was driven primarily by higher profits in the Pacific Rim operations partially offset by lower profits, mainly in the CIS, due to lower sales.

Canada/Latin America/Endodontics/Orthodontics

Net sales, excluding precious metal content, decreased 1.7% during the year ended December 31, 2009 compared to 2008, of which negative 2.4% was the result of currency translation. On a constant currency basis, sales increased by 0.7% as a result of an acquisition completed in 2008.

Operating income decreased $14.3 million during the year ended December 31, 2009 compared to 2008. The decrease was driven primarily by lower sales in non-dental products, unfavorable absorption and the negative impact from foreign currency transactions.

Dental Laboratory Business/Implants/Non-Dental

Net sales, excluding precious metal content, decreased 8.8% during the year ended December 31, 2009 compared to 2008, of which negative 3.3% was the result of currency translation. On a constant currency basis, sales were negative 5.5%, primarily driven by the lower sales in dental laboratory products, dental implant products and non-dental products partially offset by acquisition growth.

Operating income decreased $31.3 million during the year ended December 31, 2009 compared to 2008 as a result of profitability being down across the segment primarily related to lower sales in the dental laboratory businesses, unfavorable product sales mix and currency translation.

RESULTS OF OPERATIONS

2008 Compared to 2007

Factors Impacting Comparability Between Years

Adoption of Fair Value Measurement

In 2008, the Company adopted the new accounting guidance for fair value measurement, which requires the Company to define fair value, establish a framework for measuring fair value in accordance with U.S. generally accepted accounting principles (“US GAAP”), and expand disclosures about fair value measurements. As part of the provisions, the Company is required to determine the impact of credit risk on its financial instruments recorded at fair value. As a result, the Company recognized pretax income of $1.8 million during 2008.

Net Sales

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

	Year Ended December 31,			
(in millions)	2008	2007	$ Change	% Change
Net sales	$ 2,193.7	$ 2,009.8	$ 183.9	(9.2)%
Less: Precious metal content of sales	199.9	189.9	10.0	(5.3)%
Net sales, excluding precious metal content	$ 1,993.8	$ 1,819.9	$ 173.9	(9.6)%

The net sales growth, excluding precious metal content, of 9.6% was comprised of 3.8% of internal growth, 3.7% of foreign currency translation and 2.1% related to acquisitions. The 3.8% internal growth was comprised of negative 0.9% in the United States, 7.0% in Europe and 7.0% for all other regions combined.

Internal Sales Growth

United States

The internal sales growth of negative 0.9%, excluding precious metal content, in the United States was negatively impacted by the supply issues with injectable anesthetics and softness in dental consumables and in the dental specialty businesses in the fourth quarter, as the economy in the United States contracted.

Europe

In Europe, the internal sales growth of 7.0%, excluding precious metal content, was driven by strong performance in the dental specialty businesses and growth in the dental consumable businesses partially offset by softness in the dental laboratory businesses due to lower equipment and alloy product sales.

All Other Regions

During 2008, the internal growth of 7.0%, excluding precious metal content, was largely the result of strong growth in the dental specialty category. Asia, Australia, the Middle East and Latin America experienced strong growth.

Gross Profit

(in millions)	Year Ended December 31, 2008	2007	$ Change	% Change
Gross profit	$ 1,151.9	$ 1,040.8	$ 111.1	10.7%
Gross profit as a percentage of net sales, including precious metal content	52.5%	51.8%		
Gross profit as a percentage of net sales, excluding precious metal content	57.8%	57.2%		

The 2008 gross profit as a percentage of net sales, excluding precious metal content, was favorably impacted by product pricing, product mix and operational improvements.

Expenses

Selling, General and Administrative Expenses

(in millions)	Year Ended December 31, 2008	2007	$ Change	% Change
SG&A expenses	$ 739.2	$ 675.4	$ 63.8	9.4%
SG&A expenses as a percentage of net sales, including precious metal content	33.7%	33.6%		
SG&A expenses as a percentage of net sales, excluding precious metal content	37.1%	37.1%		

The 9.4% increase in SG&A expenses reflects additional SG&A expenses of $15.7 million from acquired companies and increases from currency translation of approximately $24.6 million. The remaining increase in SG&A expenses is primarily a result of increased expenditures to support growth in the dental specialty businesses and higher growth regions as well as continued investment in research and development.

Restructuring, Impairments and Other Costs

(in millions)	Year Ended December 31, 2008	2007	$ Change	% Change
Restructuring, impairments and other costs	$ 32.4	$ 10.5	$ 21.9	NM

NM - Not Meaningful

In 2008, the Company recorded costs of $24.2 million related to legal settlements and impairments of long-term assets. The legal settlements related to several legal matters with multiple plaintiffs. These cases included a patent dispute and cases relating to a prior distribution practice of the Company in connection with the sale of artificial teeth. The impairment charge was related to abandonment of patented technology purchased in 2005 and the impairment of a long-term note receivable recorded from a sale of a business in 2006. The impairment of the long-term note receivable occurred as the result of a change in payment terms on the non-interest bearing note receivable. Additionally, the Company initiated several restructuring plans primarily related to the closure and consolidation of certain production and selling facilities in the United States, Europe and Asia to better leverage the Company's resources by reducing costs and obtaining operational efficiencies. These restructuring plans included charges of $5.9 million. Additionally, the Company expensed $2.3 million for the fair value of in-process research and development associated with acquired businesses (See Note 14, Restructuring, Impairments and Other Costs, to the consolidated financial statements).

During 2007, the Company recorded net restructuring, impairment and other costs of $10.5 million. Several restructuring plans were initiated during 2007, primarily related to the closure and consolidation of certain production and selling facilities in the United States, Europe, Asia and South America in order to better leverage the Company's resources by reducing costs and obtaining operational efficiencies. These restructuring plans included charges of $5.4 million. Additionally, the Company also recorded a total of $5.1 million in expenses related to several legal claims and impairments of long-term assets.

Other Income and Expenses

(in millions)	Year Ended December 31, 2008	2007	$ Change
Net interest expense (income)	$ 15.4	$ (2.6)	$ 18.0
Other expense (income), net	10.1	(0.7)	10.8
Net interest and other expense (income)	$ 25.5	$ (3.3)	$ 28.8

Net Interest Expense (Income)

The change from net interest income in 2007 to net interest expense in 2008 was mainly the result of the sharp divergence of lower U.S. dollar interest rates versus increased Euro and Swiss franc interest rates, combined with weaker U.S. dollar average exchange rates against both currencies. This resulted in net interest expense in 2008 versus net interest income in 2007 on the Euro and Swiss franc net investment hedges executed in the form of cross currency swaps. The impact of the Company's net investment hedges typically move in the opposite direction of currency movements, reducing some of the volatility caused by movement in exchange rates on the Company's income and equity. Partially offsetting the net investment hedge impact was higher average investment balances in Euros and lower average interest rates on U.S. dollar debt.

Other Expense (Income), Net

Other expense (income) in the 2008 period included $8.9 million of currency transaction losses and $1.2 million of other non-operating losses. The 2007 period included $0.5 million of currency transaction gains and $0.2 million of other non-operating gains. Currency exchange rate volatility was extremely high, especially during the fourth quarter of 2008, and global currencies weakened versus the U.S. Dollar. The Company incurred transaction losses, mostly in the fourth quarter of 2008, on settlement of intercompany and third party transactions.

Income Taxes and Net Income

(in millions, except per share amounts)	Year Ended December 31, 2008	2007	$ Change
Effective income tax rate	20.2%	27.5%	
Net income attributable to DENTSPLY International	$ 283.9	$ 259.7	$ 24.2
Diluted earnings per common share	$ 1.87	$ 1.68	

Income Taxes

The Company's effective income tax rates for 2008 and 2007 were 20.2% and 27.5%, respectively. In 2008, the Company's effective income tax rate included the impact from restructuring, impairments and other costs, acquisition related activity, provisions for the fair value measurement adjustment and various income tax adjustments, which impacted income before income taxes and the provision for income taxes by $30.5 million and $28.3 million, respectively. In 2007, the Company's effective income tax rate included the impact from restructuring, impairments and other costs and various income tax adjustments, which impacted income before income taxes and the provision for income taxes by $10.5 million and $13.7 million, respectively. The various income tax adjustments included the impact of settlements with taxing authorities and statutes closures for both periods.

Net Income attributable to DENTSPLY International

Diluted earnings per common share from during 2008 were $1.87 compared to $1.68 during the same period in 2007. Net income attributable to DENTSPLY International in 2008 includes an after tax impact from restructuring, impairments and other costs of $19.8 million, or $0.13 per diluted share and a net tax benefit of $17.1 million, or $0.11 per diluted share due to income tax related adjustments, and provisions for fair value measurement adjustment, net of tax of $1.1 million or $0.01 per diluted share. Net income attributable to DENTSPLY International for 2007 includes an after tax impact from restructuring, impairments and other costs of $6.7 million, or $0.04 per diluted share and a net tax benefit of $9.9 million, or $0.06 per diluted share due to income tax related adjustments.

Operating Segment Results

In January 2007, the Company reorganized its operating group structure expanding into four operating groups from the three groups under the prior management structure. These operating groups are considered the Company's reportable segments as the Company's chief operating decision-maker regularly reviews financial results at the operating group level and uses this information to manage the Company's operations. Each of these operating groups covers a wide range of product categories and geographic regions. The product categories and geographic regions often overlap across the groups. Further information regarding the details of each group is presented in Note 4, Segment and Geographic Information, to the consolidated financial statements. The management of each group is evaluated for performance and incentive compensation purposes on net third party sales, excluding precious metal content, and segment operating income.

In January 2009, the Company moved the reporting responsibility for several locations between segments as a result of a change to the management structure. This change also helped the Company gain operating efficiencies and effectiveness. The segment information below reflects this revised structure for all periods shown.

Net Sales, excluding precious metal content
(in millions)

	Year Ended December 31, 2008	2007	$ Change	% Change
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 459.7	$ 428.2	$ 31.5	7.4%
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	$ 437.5	$ 381.2	$ 56.3	14.8%
Canada/Latin America/Endodontics/ Orthodontics	$ 628.9	$ 583.9	$ 45.0	7.7%
Dental Laboratory Business/ Implants/Non-Dental	$ 471.1	$ 430.1	$ 41.0	9.5%

Segment Operating Income
(in millions)

	Year Ended December 31, 2008	2007	$ Change	% Change
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 162.7	$ 139.0	$ 23.7	17.1%
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	$ 13.0	$ 10.0	$ 3.0	30.0%
Canada/Latin America/Endodontics/ Orthodontics	$ 200.1	$ 180.9	$ 19.2	10.6%
Dental Laboratory Business/ Implants/Non-Dental	$ 124.9	$ 112.4	$ 12.5	11.1%

U.S., Germany and Certain Other European Regions Consumable Businesses

Net sales, excluding precious metal content, increased 7.4% during the year ended December 31, 2008 compared to 2007. This increase was driven by acquisition related growth and positive currency translation. Supply issues with injectable anesthetics as well as softness in the United States dental consumable products in the fourth quarter due to a weakening economy hindered the growth within the segment.

Operating income increased $23.7 million during the year ended December 31, 2008 compared to 2007. The increase was due to improved margins due to favorable product mix across most of the segment and acquisitions.

France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses

Net sales, excluding precious metal content, increased 14.8%, including the favorable impact of currency translation, during the year ended December 31, 2008 compared to 2007. Strong growth occurred across many regions within the segment.

Operating income increased $3.0 million during the year ended December 31, 2008 compared to 2007. The increase in income was related to sales growth and leveraging of expenses.

Canada/Latin America/Endodontics/Orthodontics

Net sales, excluding precious metal content, increased 7.7%, including acquisition growth and favorable currency translation, during the year ended December 31, 2008 compared to 2007. Strong growth occurred in the Orthodontic, Endodontic and Latin American businesses.

Operating income increased $19.2 million during the year ended December 31, 2008 compared to 2007. The increase in operating profits was driven primarily by sales growth and leveraging of expenses.

Dental Laboratory Business/Implants/Non-Dental

Net sales, excluding precious metal content, increased 9.5%, including favorable impact of currency translation, during the year ended December 31, 2008 compared to 2007. Strong growth occurred in the dental implant products and from acquisition related activity.

Operating income increased $12.5 million during the year ended December 31, 2008 compared to 2007. The increase in operating profits was driven primarily by sales growth in the dental implant products and leveraging of expenses in the dental laboratory products.

FOREIGN CURRENCY

Since approximately 63% of the Company's 2009 net sales, excluding precious metal content, 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 United States of products sourced from plants and third party suppliers located overseas, principally in Germany and Switzerland.

CRITICAL ACCOUNTING JUDGMENTS AND POLICIES

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

Accounts Receivable

The Company sells dental products both through a worldwide network of distributors and directly to end users. For customers on credit terms, the Company performs an 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 improve or deteriorate, their ability to make required payments may become less or more impaired and decreases or increases in these allowances may be required. In addition, a negative impact on sales to those customers may occur.

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.

Goodwill and Other Long-Lived Assets

<u>Goodwill</u>

The Company follows the accounting standards for goodwill, which requires an annual test for impairment to goodwill using a fair value approach. In addition to minimum annual impairment tests, the Company also requires that impairment assessments be made more frequently if events or changes in circumstances indicate that the goodwill might be impaired. If impairment related to goodwill is identified as a result of impairment tests, 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.

Other Long-Lived Assets

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

Impairment Assessment

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

Pension and Other Postretirement Benefits

Substantially all of the employees of the Company and its subsidiaries are covered by government or Company-sponsored defined benefit or defined contribution plans. Additionally, certain union and salaried employee groups in the U.S. are covered by postretirement healthcare plans. Costs for Company-sponsored plans are based on expected return on plan assets, discount rates, employee compensation increase rates and health care cost trends. Expected return on plan assets, discount rates and health care cost trend assumptions are particularly important when determining the Company's benefit obligations and net periodic benefit costs associated with postretirement benefits. Changes in these assumptions can impact the Company's pretax earnings. In determining the cost of postretirement benefits, certain assumptions are established annually to reflect market conditions and plan experience to appropriately reflect the expected costs as actuarially determined. These assumptions include medical inflation trend rates, discount rates, employee turnover and mortality rates. In establishing its discount rates, the Company predominantly uses observed indices of high-grade corporate bond yields with durations that are equivalent to the expected duration of the underlying liability. The discount rate for each plan is based on observed corporate bond yield indices in the respective economic region covered by the plan. The expected return on plan assets is the weighted average long-term expected return based upon asset allocations and historic average returns for the markets where the assets are invested, principally in foreign locations. Additional information related to the impact of changes in these assumptions is provided in Note 13, Benefit Plans, to the consolidated financial statements.

Litigation

The Company and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company records liabilities when a loss is probable and can be reasonably estimated. These estimates are typically in the form of ranges, and the Company records the liabilities at the low point of the ranges. The ranges established by management are based on an analysis made by internal and external legal counsel who considers information known at the time. If the Company determines a liability to be only reasonably possible, it considers the same information to estimate the possible exposure and disclose any material potential liability. These loss contingencies are monitored regularly for a change in fact or circumstance that would require an accrual adjustment. The Company believes it has estimated liabilities for probable losses well in the past; however, the unpredictability of litigation and court decisions could cause a liability to be incurred in excess of estimates. Legal costs related to these lawsuits are expensed as incurred.

Accruals for Product Returns, Customer Rebates and Product Warranties

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

Income Taxes

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

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

Certain items of income and expense are not reported in tax returns and financial statements in the same year. The tax effect of such temporary differences is reported as deferred income taxes. Deferred tax assets are recognized if it is more likely than not that the assets will be realized in future years. The Company establishes a valuation allowance for deferred tax assets for which realization is not likely. As of December 31, 2009, the Company recorded a valuation allowance of $51.8 million against the benefit of certain deferred tax assets of foreign and domestic subsidiaries.

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

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities during the year ended December 31, 2009 were $362.5 million compared to $336.0 million during the year ended December 31, 2008. The increase of $26.5 million was primarily the result of favorable working capital changes versus the prior year offset by lower earnings in the 2009 period compared to 2008. While net income decreased by $8.9 million to $274.4 million, the Company had lower working capital requirements. Improved inventory management in 2009 when compared to 2008 resulted in a $60.5 million generation of cash flow, which was partially offset by an increase in accounts receivable and a decrease in accounts payables and accrued liabilities. The Company's cash, cash equivalents and short-term investments increased by $246.1 million during the year ended December 31, 2009 to $450.4 million.

For the years ended December 31, 2009 and 2008, the number of days for sales outstanding in accounts receivable was 55 days and 54 days, respectively. On a constant currency basis, the number of days in inventory was 99 days and 103 days for the years ended December 31, 2009 and 2008, respectively.

Investing activities during 2009 include capital expenditures of $56.5 million. The Company expects that capital expenditures will be between $70.0 million and $80.0 million for the full year of 2010. Activity related to the acquisition of businesses, for the year ended December 31, 2009, was $3.0 million, which was primarily related to a final payment on an acquisition from a previous year. (See Note 3, Business Acquisitions, to the consolidated financial statements).

At December 31, 2009, the Company had authorization to maintain up to 17.0 million shares of treasury stock under its stock repurchase program as approved by the Board of Directors. Under this program, the Company purchased approximately 2.5 million shares during 2009 at an average price of $32.09. As of December 31, 2009 and 2008, the Company held 15.8 million and 14.2 million shares of treasury stock, respectively. The Company also received proceeds of $13.4 million primarily as a result of 0.9 million stock option exercises during the year ended December 31, 2009.

DENTSPLY's total long-term debt, including the current portion, at December 31, 2009 and 2008 was $453.7 million and $427.7 million, respectively. The Company's long-term borrowings increased by a net of $26.0 million during the year ended December 31, 2009. This net change included net increase in borrowings of $30.2 million during the year ended 2009, less a decrease of $4.2 million due to exchange rate fluctuations on debt denominated in foreign currencies. During the year ended December 31, 2009, the Company's ratio of long-term debt, including the current portion, to total capitalization decreased to 19.2% compared to 20.5% at December 31, 2008. DENTSPLY defines total capitalization as the sum of total long-term debt, including the current portion, plus total equity.

Under its multi-currency revolving credit agreement, the Company is able to borrow up to $500.0 million through May 9, 2010. This facility is unsecured and contains certain affirmative and negative covenants relating to its operations and financial condition. The most restrictive of these covenants pertain to asset dispositions and prescribed ratios of indebtedness to total capital and operating income excluding depreciation and amortization to interest expense. At December 31, 2009, the Company was in compliance with these covenants. The Company also has available an aggregate $250.0 million under its U.S. commercial paper facility. The multi-currency revolving credit facility serves as a back-up to the commercial paper facility. The total available credit under the commercial paper facility and the multi-currency facility in the aggregate is $500.0 million with $62.8 million outstanding under the multi-currency facility and $85.2 million outstanding under the commercial paper facility at December 31, 2009. Management's intent is to replace only a portion of the maturing facility, and expects to complete this in the second quarter of 2010.

The Company also has access to $72.5 million in uncommitted short-term financing under lines of credit from various financial institutions. The lines of credit have no major restrictions and are provided under demand notes between the Company and the lending institutions. At December 31, 2009, $15.6 million was outstanding under these short-term lines of credit. At December 31, 2009, the Company had total unused lines of credit related to the revolving credit agreement and the uncommitted short-term lines of credit of $404.9 million.

At December 31, 2009, the Company held $103.7 million of precious metals on consignment from several financial institutions. These consignment agreements allow the Company to acquire the precious metal at market rates at a point in time, which is approximately the same time, and for the same price as alloys are sold to the Company's customers. In the event that the financial institutions would discontinue offering these consignment arrangements, and if the Company could not obtain other comparable arrangements, the Company may be required to obtain third party financing to fund an ownership position in the required precious metal inventory levels.

On October 16, 2009, the Company and a group of investors agreed to a new $250.0 million Private Placement Note ("PPN") to be funded not later than February 19, 2010 with an average maturity of five years and a final maturity of six years at a fixed rate of 4.11%. The PPN is unsecured and contains certain affirmative and negative covenants relating to its operations and financial condition of the Company similar in substance to the existing $150.0 million U.S. Private Placement Note maturing March 15, 2010.

In accordance with the terms of PPN Purchase Agreement (the "Agreement"), the Company received net proceeds of $250.0 million on February 19, 2010. The proceeds will be used to refinance the $150.0 million U.S. Private Placement Note due on March 15, 2010 with the remaining proceeds used to repay the commercial paper borrowing of $85.2 million and fund book overdrafts of $4.0 million. As of December 31, 2009, the Company has classified $239.2 million as long-term debt. The long-term debt classification is supported by the fact that the Company has demonstrated its intent and ability to fund existing short-term debt with the proceeds from the PPN. Additionally, the Agreement has an average maturity of five years, and the lenders are not permitted to cancel the Agreement or accelerate repayments. The Agreement does not contain a material adverse change clause subsequent to funding.

The following table presents the Company's scheduled contractual cash obligations at December 31, 2009:

Contractual Obligations (in thousands)	Less Than 1 Year	1-3 Years	3-5 Years	Greater Than 5 Years	Total
Long-term borrowings (a)	$ 66,580	$ 144,769	$ 76,897	$ 165,485	$ 453,731
Operating leases	26,688	31,021	12,088	12,423	82,220
Interest on long-term borrowings, net of interest rate swap agreements	19,181	32,147	19,336	5,537	76,201
Postretirement obligations	8,619	18,283	21,233	62,229	110,364
Cross currency swaps	52,411	21,487	102,723	-	176,621
Precious metal consignment agreements	103,671	-	-	-	103,671
	$ 277,150	$ 247,707	$ 232,277	$ 245,674	$ 1,002,808

(a) Refer to Note 10, Financing Arrangements, to the consolidated financial statements for information on the Company's classification of debt between short-term and long-term.

Due to the uncertainty with respect to the timing of future cash flows associated with the Company's unrecognized tax benefits at December 31, 2009, the Company is unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authority. Therefore, $18.4 million of the unrecognized tax benefit has been excluded from the contractual obligations table above (See Note 12, Income Taxes, to the consolidated financial statements).

The Company expects on an ongoing basis to be able to finance cash requirements, including capital expenditures, stock repurchases, debt service, operating leases and potential future acquisitions, from the current cash, cash equivalents and short-term investment balances, funds generated from operations and amounts available under its existing credit facilities, which is further discussed in Note 10, Financing Arrangements, to the consolidated financial statements. As noted in the Company’s Consolidated Statements of Cash Flows, the Company continues to generate strong cash flows from operations, which is used to finance the Company’s activities.

NEW ACCOUNTING PRONOUNCEMENTS

Refer to Note 1, Significant Accounting Policies, to the Consolidated Financial Statements for a discussion of recent accounting guidance and pronouncements.

Item 7A.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. The Company believes the carrying amounts of cash and cash equivalents, short-term investments, accounts receivable (net of allowance for doubtful accounts), prepaid expenses and other current assets, accounts payable, accrued liabilities, income taxes payable and notes payable approximate fair value due to the short-term nature of these instruments. The Company estimates the fair value and carrying value of its total debt, including the current portion of long-term debt, was $453.7 million and $427.7 million as of December 31, 2009 and 2008, respectively. The fair value of the Company’s long-term debt equaled its carrying value as the Company’s debt is variable rate and reflects current market rates. The interest rates on private placement notes, revolving debt and commercial paper are variable and therefore the fair value of these instruments approximates carrying values. The following table shows the Company’s principal outstanding debt amounts and the associated weighted average interest rates as of December 31, 2009.

EXPECTED MATURITY DATES

(in thousands)	2010	2011	2012	2013	2014	2015 and beyond	December 31, 2009 Carrying Value	December 31, 2009 Fair Value
Financial Instruments								
Notes Payable:								
U.S. dollar denominated	$ 5,341	$ -	$ -	$ -	$ -	$ -	$ 5,341	$ 5,341
Average interest rate	3.04%						3.04%	
Taiwan dollar denominated	150	-	-	-	-	-	150	150
Average interest rate	0.00%						0.00%	
Euro denominated	9,721	-	-	-	-	-	9,721	9,721
Average interest rate	2.53%						2.53%	
Brazil Reais denominated	382	-	-	-	-	-	382	382
Average interest rate	13.43%						13.43%	
Total Notes Payable	$ 15,594	$ -	$ -	$ -	$ -	$ -	$ 15,594	$ 15,594
	2.95%						2.95%	
Current Portion of Long-term Debt:								
Swiss franc denominated	$ 62,844	$ -	$ -	$ -	$ -	$ -	$ 62,844	$ 62,844
Average interest rate	0.60%						0.60%	
Euro denominated	3,736	-	-	-	-	-	3,736	3,736
Average interest rate	1.59%						1.59%	
Total Current Portion of Long-Term Debt	$ 66,580	$ -	$ -	$ -	$ -	$ -	$ 66,580	$ 66,580
	0.66%						0.66%	
Long Term Debt:								
U.S. dollar denominated	$ -	$ -	$ -	$ -	$ 75,015	$ 164,167	$ 239,182	$ 239,182
Average interest rate					0.56%	0.41%	0.46%	
Japanese yen denominated	-	-	134,776	-	-	-	134,776	134,776
Average interest rate			1.00%				1.00%	
Euro denominated	-	5,299	4,694	1,215	667	1,318	13,193	13,193
Average interest rate		2.06%	3.59%	2.21%	2.93%	2.71%	2.73%	
Total Long Term Debt, net current portion	$ -	$ 5,299	$ 139,470	$ 1,215	$ 75,682	$ 165,485	$ 387,151	$ 387,151
		2.06%	1.09%	2.21%	0.58%	0.43%	0.72%	

Derivative Financial Instruments

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

Foreign Exchange Risk Management

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

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

Determination of hedge activity is based upon market conditions, the magnitude of the foreign currency assets and liabilities and perceived risks. These foreign exchange contracts generally have maturities of less than twelve months and the counterparties to the transactions are typically large international financial institutions. The Company’s significant contracts outstanding as of December 31, 2009 are summarized in the table that follows.

EXPECTED MATURITY DATES

(represents notional amounts for derivative financial instruments)

(in thousands)	2010	2011	2012	2013	2014	2015 and beyond	December 31, 2009 Carrying Value	December 31, 2009 Fair Value
Derivative Financial Instruments								
Foreign Exchange Forward Contracts:								
Forward sale, 13.3 million Australian dollars	$ 11,268	$ 635	$ -	$ -	$ -	$ -	$ (316)	$ (316)
Forward purchase, 6.2 million British pounds	(9,728)	(298)	-	-	-	-	226	226
Forward sale, 16.4 million Canadian dollars	15,117	560	-	-	-	-	(927)	(927)
Forward purchase, 7.0 million Swiss francs	(6,804)	-	-	-	-	-	(15)	(15)
Forward sale, 7.5 million Danish Krone	1,454	-	-	-	-	-	13	13
Forward purchase, 0.1 million Euros	(18)	-	-	-	-	-	13	13
Forward sale, 83.3 million Japanese yen	895	-	-	-	-	-	628	628
Forward sale, 96.7 million Mexican Pesos	7,390	-	-	-	-	-	94	94
Forward sale, 1.2 billion South Korean won	999	-	-	-	-	-	10	10
Forward sale, 6.5 million Taiwanese dollars	202	-	-	-	-	-	(2)	(2)
Total Foreign Exchange Forward Contracts	$ 20,775	$ 897	$ -	$ -	$ -	$ -	$ (276)	$ (276)

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

In the first quarter of 2005, the Company entered into cross currency interest rate swaps with a notional principal value of Swiss francs 457.5 million paying three month Swiss franc LIBOR and receiving three month U.S. dollar LIBOR on $384.4 million. In the first quarter of 2006, the Company entered into additional cross currency interest rate swaps with a notional principal value of Swiss francs 55.5 million paying three month Swiss franc LIBOR and receiving three month U.S. dollar LIBOR on $42.0 million. In the fourth quarter of 2006, the Company entered into additional cross currency interest rate swaps with a notional principal value of Swiss francs 80.4 million paying three month Swiss franc LIBOR and receiving three month U.S. dollar LIBOR on $64.4 million. In the first quarter of 2007, the Company entered into additional cross currency interest rate swaps with a notional principal value of Swiss francs 56.6 million paying three month Swiss franc LIBOR and receiving three month U.S. dollar LIBOR on $46.3 million. Additionally, in the fourth quarter of 2005, the Company entered into cross currency interest rate swaps with a notional principal value of Euro 358.0 million paying three month Euro LIBOR and receiving three month U.S. dollar LIBOR on $419.7 million. In the first quarter of 2009, the Company terminated Swiss francs 57.5 million cross currency swap at a fair value of zero. In the second and third quarters of 2009, the Company amended certain of its Swiss franc and Euro cross currency interest rate swaps to extend their maturity dates for an additional three years. Specifically, a total of Swiss francs 300.0 million have been extended to March and April of 2013 and a total of Euro 250.0 million have been extended to December 2013. The Swiss franc and Euro cross currency interest rate swaps are designated as net investment hedges of the Swiss and Euro denominated net assets. The interest rate differential is recognized in the earnings as interest income or interest expense as it is accrued. The foreign currency revaluation is recorded in accumulated other comprehensive income, net of tax effects.

At December 31, 2009 and 2008, the Company had Euro-denominated, Swiss franc-denominated, and Japanese yen-denominated debt and cross currency interest rate swaps (at the parent company level) to hedge the currency exposure related to a designated portion of the net assets of its European, Swiss and Japanese subsidiaries. The fair value of the cross currency interest rate swap agreements is the estimated amount the Company would (pay) receive at the reporting date, taking into account the effective interest rates and foreign exchange rates. As of December 31, 2009 and December 31, 2008, the estimated net fair values of the cross currency interest rate swap agreements were negative $176.6 million and negative $148.9 million, respectively, which are recorded in accumulated other comprehensive income, net of tax effects. At December 31, 2009 and 2008, the accumulated translation gains on investments in foreign subsidiaries, primarily denominated in Euros, Swiss francs and Japanese Yen, net of these net investment hedges, were $111.1 million and $77.6 million, respectively, which were included in accumulated other comprehensive income, net of tax effects. The Company's outstanding debt denominated in foreign currencies and the outstanding cross currency interest rate swaps as of December 31, 2009 are summarized in the table that follows.

EXPECTED MATURITY DATES

(represents notional amounts for derivative financial instruments)

(in thousands)	2010	2011	2012	2013	2014	2015 and beyond	December 31, 2009 Carrying Value	December 31, 2009 Fair Value
Cross Currency Basis Swaps								
Swiss franc 592.5 million @ $1.21	$ 150,343	$ 77,734	$ 54,723	$ 290,051	$ -	$ -	$ (83,979)	$ (83,979)
pay CHF 3mo. LIBOR rec. USD 3mo. LIBOR	0.02%	(0.02)%	(0.02)%	0.02%				
Euros 358.0 million @ $1.17	154,827	-	-	358,395	-	-	(92,642)	(92,642)
pay EUR 3mo. LIBOR rec. USD 3mo. LIBOR	0.46%			0.56%				
Total Cross Currency Basis Swaps	$ 305,170	$ 77,734	$ 54,723	$ 648,446	$ -	$ -	$ (176,621)	$ (176,621)

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, 2009, the Company has three groups of significant variable rate to fixed rate interest rate swaps. One of the groups of swaps has notional amounts totaling 12.6 billion Japanese Yen, and effectively converts the underlying variable interest rates to an average fixed rate of 1.6% for a term of ten years, ending in March 2012. Another swap has a notional amount of 65.0 million Swiss francs, and effectively converts the underlying variable interest rates to a fixed rate of 4.2% for a term of seven years, ending in March 2012. A third group of swaps has a notional amount of $150.0 million, and effectively converts the underlying variable interest rates to a fixed rate of 3.9% for a term of two years, ending March 2010. The Company's significant contracts outstanding as of December 31, 2009 are summarized in the table that follows.

EXPECTED MATURITY DATES

(represents notional amounts for derivative financial instruments)

(in thousands)	2010	2011	2012	2013	2014	2015 and beyond	December 31, 2009 Carrying Value	December 31, 2009 Fair Value
Interest Rate Swaps								
Interest rate swaps - Euro	$ 2,056	$ 1,354	$ 1,354	$ 1,354	$ 1,354	$ 3,046	$ (882)	$ (882)
Average interest rate	2.5%	3.8%	3.8%	3.8%	3.8%	3.8%		
Interest rate swaps - Japanese yen	-	-	134,776	-	-	-	(3,351)	(3,351)
Average interest rate			1.6%					
Interest rate swaps - Swiss francs	-	-	62,844	-	-	-	(4,470)	(4,470)
Average interest rate			4.2%					
Interest rate swaps - U.S. dollars	150,000	-	-	-	-	-	(1,084)	(1,084)
Average interest rate	3.9%							
Total Interest Rate Swaps	$ 152,056	$ 1,354	$ 198,974	$ 1,354	$ 1,354	$ 3,046	$ (9,787)	$ (9,787)

Commodity Risk Management

The Company selectively enters into commodity swaps to effectively fix certain variable raw material costs. These swaps are used purely to stabilize the cost of components used in the production of certain of the Company's products. The Company generally accounts for the commodity swaps as cash flow hedges. 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. The Company measures the effectiveness of cash flow hedges of anticipated transactions on a spot to spot basis rather than on a forward to forward basis. Accordingly, any time value component of the hedge fair value is deemed ineffective and will be reported currently as interest expense in the period which it is applicable. The spot to spot change in the derivative fair value will be deferred in other comprehensive income and released and recorded to costs of products sold as the products associated with the forward foreign exchange contracts are sold. Any cash flows associated with these instruments are included in cash from operations in accordance with the Company's policy of classifying the cash flows from these instruments in the same category as the cash flows from the items being hedged. The Company's significant contracts outstanding as of December 31, 2009 are summarized in the table that follows.

EXPECTED MATURITY DATES

(in thousands)	2010	2011	2012	2013	2014	2015 and beyond	December 31, 2009 Carrying Value	December 31, 2009 Fair Value
Commodity Contracts:								
Silver Swap - U.S. dollar	$ (977)	$ -	$ -	$ -	$ -	$ -	$ 129	$ 129
Platinum Swap - U.S. dollar	(790)	-	-	-	-	-	164	164
Total Commodity Contracts	$ (1,767)	$ -	$ -	$ -	$ -	$ -	$ 293	$ 293

Off Balance Sheet Arrangements

Consignment Arrangements

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

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

At December 31, 2009, the Company had 109,268 troy ounces of precious metal, primarily gold, platinum and palladium, on consignment for periods of less than one year with a market value of $103.7 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, 2009, the average annual rate charged by the consignor banks was 1.20%. These compensatory payments are considered to be a cost of the metals purchased and are recorded as part of the cost of products sold.

Management's Report on Internal Control Over Financial Reporting

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

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

Management of the Company has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2009. In making its assessment, management used the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment management concluded that, as of December 31, 2009, the Company’s internal control over financial reporting was effective based on the criteria established in *Internal Control – Integrated Framework* issued by the COSO.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2009 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears herein.

/s/	Bret W. Wise	/s/	William R. Jellison
	Bret W. Wise Chairman of the Board and Chief Executive Officer February 22, 2010		William R. Jellison Senior Vice President and Chief Financial Officer February 22, 2010

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
of DENTSPLY International Inc

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of DENTSPLY International Inc and its subsidiaries at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Report on Internal Control over Financial Reporting" appearing under Item 15(a)(1). Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, in 2009 the Company changed its method of presenting noncontrolling interests.

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

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

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 22, 2010

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

	Year Ended December 31, 2009	2008	2007
Net sales	$ 2,159,916	$ 2,193,723	$ 2,009,833
Cost of products sold	1,048,612	1,041,779	969,050
Gross profit	1,111,304	1,151,944	1,040,783
Selling, general and administrative expenses	723,227	739,168	675,365
Restructuring, impairments and other costs	6,890	32,355	10,527
Operating income	381,187	380,421	354,891
Other income and expenses:			
Interest expense	21,896	32,527	23,783
Interest income	(5,032)	(17,089)	(26,428)
Other expense (income), net	967	10,110	(656)
Income before income taxes	363,356	354,873	358,192
Provision for income taxes	88,944	71,603	98,481
Net income	274,412	283,270	259,711
Less: Net income (loss) attributable to noncontrolling interests	154	(599)	57
Net income attributable to DENTSPLY International	$ 274,258	$ 283,869	$ 259,654
Earnings per common share:			
Basic	$ 1.85	$ 1.90	$ 1.71
Diluted	1.83	1.87	1.68
Cash dividends declared per common share	$ 0.200	$ 0.185	$ 0.165
Weighted average common shares outstanding:			
Basic	148,319	149,069	151,707
Diluted	150,102	151,679	154,721

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

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

	December 31, 2009	December 31, 2008
Assets		
Current Assets:		
Cash and cash equivalents	$ 450,348	$ 203,991
Short-term investments	37	258
Accounts and notes receivable-trade, net	348,684	319,260
Inventories, net	291,640	306,125
Prepaid expenses and other current assets	127,087	120,228
Total Current Assets	1,217,796	949,862
Property, plant and equipment, net	439,619	432,276
Identifiable intangible assets, net	89,086	103,718
Goodwill, net	1,312,596	1,277,026
Other noncurrent assets, net	28,835	67,518
Total Assets	$ 3,087,932	$ 2,830,400
Liabilities and Equity		
Current Liabilities:		
Accounts payable	$ 100,847	$ 104,329
Accrued liabilities	249,169	193,660
Income taxes payable	12,366	36,178
Notes payable and current portion of long-term debt	82,174	25,795
Total Current Liabilities	444,556	359,962
Long-term debt	387,151	423,679
Deferred income taxes	72,524	69,049
Other noncurrent liabilities	276,743	318,297
Total Liabilities	1,180,974	1,170,987
Commitments and contingencies		
Equity:		
Preferred stock, $.01 par value; .25 million shares authorized; no shares issued	-	-
Common stock, $.01 par value; 200 million shares authorized; 162.8 million shares issued at December 31, 2009 and December 31, 2008	1,628	1,628
Capital in excess of par value	195,495	187,154
Retained earnings	2,083,459	1,838,958
Accumulated other comprehensive income	83,542	39,612
Treasury stock, at cost, 15.8 million shares at December 31, 2009 and 14.2 million shares at December 31, 2008	(532,019)	(479,630)
Total DENTSPLY International Equity	1,832,105	1,587,722
Noncontrolling Interests	74,853	71,691
Total Equity	1,906,958	1,659,413
Total Liabilities and Equity	$ 3,087,932	$ 2,830,400

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

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

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total DENTSPLY International Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2006	$ 1,628	$ 168,135	$ 1,352,342	$ 79,914	$ (328,184)	$ 1,273,835	$ 239	$ 1,274,074
Comprehensive Income:								
Net income	-	-	259,654	-	-	259,654	57	259,711
Other comprehensive income (loss), net of tax:								
Foreign currency translation adjustment	-	-	-	106,231	-	106,231	-	106,231
Unrealized loss on available-for-sale securities	-	-	-	(333)	-	(333)	-	(333)
Net loss on derivative financial instruments	-	-	-	(53,790)	-	(53,790)	-	(53,790)
Pension liability adjustments	-	-	-	13,797	-	13,797	-	13,797
Comprehensive Income						325,559	57	325,616
Exercise of stock options	-	(20,592)	-	-	66,186	45,594	-	45,594
Tax benefit from stock options exercised	-	11,378	-	-	-	11,378	-	11,378
Share based compensation expense	-	14,088	-	-	-	14,088	-	14,088
Funding of Employee Stock Option Plan	-	39	-	-	312	351	-	351
Treasury shares purchased	-	-	-	-	(125,422)	(125,422)	-	(125,422)
Adjustments to initially apply changes in US GAAP	-	-	(4,282)	-	-	(4,282)	-	(4,282)
RSU dividends	-	36	(36)	-	-	-	-	-
Cash dividends ($0.165 per share)	-	-	(24,995)	-	-	(24,995)	-	(24,995)
Balance at December 31, 2007	$ 1,628	$ 173,084	$ 1,582,683	$ 145,819	$ (387,108)	$ 1,516,106	$ 296	$ 1,516,402
Purchase of subsidiary shares from noncontrolling interest							71,931	71,931
Comprehensive Income:								
Net income	-	-	283,869	-	-	283,869	(599)	283,270
Other comprehensive income (loss), net of tax:								
Foreign currency translation adjustment	-	-	-	(71,521)	-	(71,521)	63	(71,458)
Net loss on derivative financial instruments	-	-	-	(13,986)	-	(13,986)	-	(13,986)
Pension liability adjustments	-	-	-	(20,700)	-	(20,700)	-	(20,700)
Comprehensive Income						177,662	(536)	177,126
Exercise of stock options	-	(7,268)	-	-	19,994	12,726	-	12,726
Tax benefit from stock options exercised	-	3,910	-	-	-	3,910	-	3,910
Share based compensation expense	-	17,290	-	-	-	17,290	-	17,290
Funding of Employee Stock Option Plan	-	62	-	-	118	180	-	180
Treasury shares purchased	-	-	-	-	(112,634)	(112,634)	-	(112,634)
RSU dividends	-	76	(76)	-	-	-	-	-
Cash dividends ($0.185 per share)	-	-	(27,518)	-	-	(27,518)	-	(27,518)
Balance at December 31, 2008	$ 1,628	$ 187,154	$ 1,838,958	$ 39,612	$ (479,630)	$ 1,587,722	$ 71,691	$ 1,659,413
Comprehensive Income:								
Net income	-	-	274,258	-	-	274,258	154	274,412
Other comprehensive income (loss), net of tax:								
Foreign currency translation adjustment	-	-	-	50,566	-	50,566	3,008	53,574
Net loss on derivative financial instruments	-	-	-	(13,960)	-	(13,960)	-	(13,960)
Pension liability adjustments	-	-	-	7,324	-	7,324	-	7,324
Comprehensive Income						318,188	3,162	321,350
Exercise of stock options	-	(11,515)	-	-	24,921	13,406	-	13,406
Tax benefit from stock options exercised	-	3,505	-	-	-	3,505	-	3,505
Share based compensation expense	-	16,276	-	-	-	16,276	-	16,276
Funding of Employee Stock Option Plan	-	(63)	-	-	1,408	1,345	-	1,345
Treasury shares purchased	-	-	-	-	(78,718)	(78,718)	-	(78,718)
RSU dividends	-	138	(138)	-	-	-	-	-
Cash dividends ($0.200 per share)	-	-	(29,619)	-	-	(29,619)	-	(29,619)
Balance at December 31, 2009	$ 1,628	$ 195,495	$ 2,083,459	$ 83,542	$ (532,019)	$ 1,832,105	$ 74,853	$ 1,906,958

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

DENTSPLY INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2009	2008	2007
Cash flows from operating activities:			
Net income	$ 274,412	$ 283,270	$ 259,711
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	54,087	47,887	42,628
Amortization	11,088	9,042	7,661
Deferred income taxes	195	13,371	25,568
Share based compensation expense	16,276	17,290	14,088
Restructuring, impairments and other costs - noncash	369	8,303	190
Stock option income tax benefit	(3,505)	(3,910)	(11,414)
Other non-cash income	(8,650)	(19,654)	(10,676)
(Gain) loss on disposal of property, plant and equipment	(1,997)	1,373	(1,904)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts and notes receivable-trade, net	(16,942)	(3,690)	9,029
Inventories, net	27,710	(32,824)	(716)
Prepaid expenses and other current assets	6,996	(1,220)	644
Other non current assets	(192)	390	1,253
Accounts payable	(4,947)	5,430	(7,395)
Accrued liabilities	(1,708)	5,748	(396)
Income taxes	8,104	4,594	59,421
Other noncurrent liabilities	1,193	581	5
Net cash provided by operating activities	362,489	335,981	387,697
Cash flows from investing activities:			
Cash paid for acquisitions of businesses and equity investments	(2,986)	(117,300)	(101,492)
Capital expenditures	(56,481)	(76,440)	(64,163)
Expenditures for identifiable intangible assets	(14)	(2,477)	(1,665)
Purchases of short-term investments	-	(166,208)	(138,471)
Liquidations of short-term investments	222	314,025	73
Proceeds from sale of property, plant and equipment	5,860	596	6,327
Net cash used in investing activities	(53,399)	(47,804)	(299,391)
Cash flows from financing activities:			
Proceeds from long-term borrowings, net of deferred financing costs	86,091	117,900	149,500
Payments on long-term borrowings	(58,403)	(226,147)	(50,543)
(Decrease) increase in short-term borrowings	(7,465)	2,111	(2,166)
Proceeds from exercise of stock options	13,406	12,726	45,594
Excess tax benefits from share based compensation	3,505	3,910	11,378
Cash paid for treasury stock	(78,718)	(112,634)	(125,422)
Cash dividends paid	(29,836)	(26,952)	(25,134)
Net cash (used in) provided by financing activities	(71,420)	(229,086)	3,207
Effect of exchange rate changes on cash and cash equivalents	8,687	(24,484)	12,807
Net increase in cash and cash equivalents	246,357	34,607	104,320
Cash and cash equivalents at beginning of period	203,991	169,384	65,064
Cash and cash equivalents at end of period	$ 450,348	$ 203,991	$ 169,384
Supplemental disclosures of cash flow information:			
Interest paid, net of amounts capitalized	$ 23,231	$ 34,222	$ 21,926
Income taxes paid	$ 76,207	$ 66,696	$ 38,091

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Description of Business

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

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

Use of Estimates

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

Principles of Consolidation

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

Cash and Cash Equivalents

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

Short-term Investments

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

Accounts and Notes Receivable-Trade

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

Accounts receivable – trade is stated net of these allowances that were $12.2 million and $18.8 million at December 31, 2009 and 2008, respectively. In 2009, the Company wrote-off $4.3 million of accounts receivable that were previously reserved. The tighter credit markets caused the Company to reassess and tighten its controls over customer credit terms, increase collection efforts and analyze accounts receivable activity. This, along with improved customer liquidity, enabled the Company to reduce the provision for doubtful accounts by $3.1 million in 2009. The Company recorded a provision for doubtful accounts of $3.7 million for 2008 and $2.9 million for 2007.

Additionally, notes receivable – trade is stated net of these allowances that were $1.1 million and $0.5 million at December 31, 2009 and 2008, respectively. The Company recorded provisions for doubtful accounts on notes receivable – trade of approximately $0.5 million for 2009, $0.3 million for 2008, and negative $0.2 million for 2007.

Inventories

Inventories are stated at the lower of cost or market. At December 31, 2009 and 2008, the cost of $7.8 million, or 2.7%, and $9.6 million, or 3.1%, respectively, of inventories was determined by the last in, first-out ("LIFO") method. The cost of other inventories was determined by the first-in, first-out ("FIFO") or average cost methods. The Company establishes reserves for inventory estimated to be obsolete or unmarketable equal to the difference between the cost of inventory and estimated market value based upon assumptions about future demand and market conditions.

If the FIFO method had been used to determine the cost of LIFO inventories, the amounts at which net inventories are stated would be higher than reported at December 31, 2009 and 2008 by $4.0 million and $3.5 million, respectively.

Valuation of Goodwill and Other Long-Lived Assets

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

<u>Goodwill</u>

US GAAP requires that at least an annual impairment test be applied to goodwill. The Company performs impairment tests using a fair value approach. If impairment is identified on goodwill, the resulting charge is determined by recalculating goodwill through a hypothetical purchase price allocation of the fair value and reducing the current carrying value to the extent it exceeds the recalculated goodwill.

The Company's fair value approach involves using a discounted cash flow model with market-based support as its valuation technique to measure the fair value for its reporting units. The discounted cash flows model uses five year forecasted cash flows plus a terminal value based on a multiple of earnings. In addition, the Company applied gross margin and operating expense assumptions consistent with its historical trends. The total cash flows were discounted based on market participant data, which included the Company's weighted-average cost of capital. The Company considered the current market conditions when determining its assumptions. Lastly, the Company reconciled the aggregate fair values of its reporting units to its market capitalization, which included a reasonable control premium based on market conditions. Additional information related to the testing for goodwill impairment is provided in Note 8, Goodwill and Intangible Assets.

<u>Identifiable Definite-lived Intangible Assets</u>

Identifiable definite-lived intangible assets, which primarily consist of patents, trademarks, brand names, non-compete agreements and licensing agreements, are amortized on a straight-line basis over their estimated useful lives. These assets are reviewed for impairment whenever events or circumstances suggest that the carrying amount of the asset may not be recoverable. The Company closely monitors certain intangible assets related to new and existing technologies for indicators of impairment as these assets have more risk of becoming impaired. Impairment is based upon an initial evaluation of the identifiable undiscounted cash flows. If the initial evaluation identifies a potential impairment, a fair value is determined by using a discounted cash flows valuation. If impaired, the resulting charge reflects the excess of the asset's carrying cost over its fair value.

Property, Plant and Equipment

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

Derivative Financial Instruments

The Company requires that all derivative instruments be recorded on the balance sheet at fair value and that changes in fair value be recorded each period in current earnings or accumulated other comprehensive income.

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

On January 1, 2009, the Company adopted the new accounting guidance for expanded disclosures about derivative instruments and hedging activities. As a result, the Company has expanded its disclosures about its strategies, objectives and risks for using derivative instruments. In addition, the Company has disclosed the fair value of derivative instruments and their gains and losses in tabular format as required. The Company's expanded disclosures regarding its derivative instruments can be found in Note 15, Financial Instruments and Derivatives.

Pension and Other Postretirement Benefits

Substantially all of the employees of the Company and its subsidiaries are covered by government or Company-sponsored defined benefit or defined contribution plans. Additionally, certain union and salaried employee groups in the United States are covered by postretirement healthcare plans. Costs for Company-sponsored plans are based on expected return on plan assets, discount rates, employee compensation increase rates and health care cost trends. Expected return on plan assets, discount rates and health care cost trend assumptions are particularly important when determining the Company's benefit obligations and net periodic benefit costs associated with postretirement benefits. Changes in these assumptions can impact the Company's pretax earnings. In determining the cost of postretirement benefits, certain assumptions are established annually to reflect market conditions and plan experience to appropriately reflect the expected costs as actuarially determined. These assumptions include medical inflation trend rates, discount rates, employee turnover and mortality rates. The Company predominantly uses liability durations in establishing its discount rates, which are observed from indices of high-grade corporate bond yields in the respective economic regions of the plans. The expected return on plan assets is the weighted average long-term expected return based upon asset allocations and historic average returns for the markets where the assets are invested, principally in foreign locations. The Company reports the funded status of its defined benefit pension and other postretirement benefit plans on its balance sheets as a net liability or asset. Additional information related to the impact of changes in these assumptions is provided in Note 13, Benefit Plans.

In December 2008, the Financial Accounting Standards Board ("FASB") issued new guidance for disclosures about the Company's postretirement benefit plans ("the Plans"). The objective of this new guidance is to provide financial statement users additional information concerning the Plans' investment policies and strategies and how allocation decisions are made. Additionally, disclosures are to be made concerning categories of the Plans' assets, the valuation technique used in regard to the fair value measurement of the Plans' assets and concentrations of risk within the Plans' assets. The new guidance is effective for fiscal years ending after December 15, 2009 with early application permitted. The revised disclosures were not required to be applied to earlier periods that are presented for comparative periods. The Company's expanded disclosures regarding its pension and postretirement benefits can be found in Note 13, Benefit Plans.

Accruals for Self-Insured Losses

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

Litigation

The Company and its subsidiaries are from time to time parties to lawsuits arising out of their respective operations. The Company records liabilities when a loss is probable and can be reasonably estimated. These estimates are typically in the form of ranges, and the Company records the liabilities at the low point of the ranges. The ranges established by management are based on an analysis made by internal and external legal counsel who considers information known at the time. If the Company determines a liability to be only reasonably possible, it considers the same information to estimate the possible exposure and disclose any material potential liability. These loss contingencies are monitored regularly for a change in fact or circumstance that would require an accrual adjustment. The Company believes it has estimated liabilities for probable losses well in the past; however, the unpredictability of litigation and court decisions could cause a liability to be incurred in excess of estimates. Legal costs related to these lawsuits are expensed as incurred.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income ("AOCI") includes foreign currency translation adjustments related to the Company's foreign subsidiaries, net of the related changes in certain financial instruments hedging these foreign currency investments. In addition, changes in the Company's fair value of certain derivative financial instruments and changes in its unrecognized pension losses and prior service costs, net are recorded in AOCI. These changes are recorded in AOCI net of any related tax effects. For the years ended December 31, 2009, 2008 and 2007, these adjustments were net of tax effects of $143.0 million, $138.5 million and $111.3 million, respectively, primarily related to foreign currency translation adjustments.

The balances included in AOCI in the consolidated balance sheets are as follows:

(in thousands)	December 31, 2009	December 31, 2008
Foreign currency translation adjustments	$ 220,116	$ 169,550
Net loss on derivative financial instruments	(113,800)	(99,840)
Pension liability adjustments	(22,774)	(30,098)
	$ 83,542	$ 39,612

The cumulative foreign currency translation adjustments included translation gains of $327.8 million and $278.1 million as of December 31, 2009 and 2008, respectively, offset by losses of $107.7 million and $108.5 million, respectively, on loans designated as hedges of net investments.

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 equity within AOCI. During the year ended December 31, 2009, the Company had gains of $0.9 million on its loans designated as hedges of net investments and translation gains of $49.7 million. During the year ended December 31, 2008, the Company had translation losses of $53.0 million, and losses of $18.5 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 remeasurement adjustments in countries with highly inflationary economies are included in income. Net exchange gains of $0.3 million, exchange losses of $8.9 million, and exchange gains of $0.5 million in 2009, 2008, and 2007, respectively, are included in "Other expense (income), net."

Revenue Recognition

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

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.

A portion of the Company's net sales is comprised of sales of precious metals generated through its precious metal dental alloy product offerings. As the precious metal content of the Company's sales is largely a pass-through to customers, the Company uses its cost of precious metal purchased as a proxy for the precious metal content of sales, as the precious metal content of sales is not separately tracked and invoiced to customers. The Company believes that it is reasonable to use the cost of precious metal content purchased in this manner since precious metal alloy sale prices are typically adjusted when the prices of underlying precious metals change. The precious metals content of sales was $168.7 million, $199.9 million and $189.9 million for 2009, 2008 and 2007, respectively.

Cost of Products Sold

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

Warranties

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

Selling, General and Administrative Expenses

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

Research and Development Costs

Research and development ("R&D") costs relate primarily to internal costs for salaries and direct overhead expenses. In addition, the Company contracts with outside vendors to conduct R&D activities. All such R&D costs are charged to expense when incurred. The Company capitalizes the costs of equipment that have general R&D uses and expenses such equipment that is solely for specific R&D projects. The depreciation expense related to this capitalized equipment is included in the Company's R&D costs. R&D costs are included in "Selling, general and administrative expenses" and amounted to approximately $53.6 million, $52.3 million and $46.8 million for 2009, 2008 and 2007, respectively.

Stock Compensation

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

Income Taxes

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

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

Earnings Per Share

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

Business Acquisitions

During the first quarter of 2009, the Company adopted the new accounting guidance for business combinations. The new guidance establishes principles and requirements for transactions that represent business combinations to be accounted for under the acquisition method. It provides guidance regarding the recognition and measurement of assets acquired, liabilities assumed, goodwill, noncontrolling interest in the acquiree and financial statement disclosure requirements. Additionally, it provides guidance for identifying a business combination, measuring the acquisition date and defining the measurement period for adjusting provisional amounts recorded. The implementation of this standard did not impact the Company's net income attributable to DENTSPLY International.

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

The Company makes an allocation of the purchase price at the date of acquisition based upon the fair values of the assets acquired and liabilities assumed. The Company obtains this information during due diligence and through other sources. Examples of factors and information that the Company uses to determine the allocations include: tangible and intangible asset evaluations and appraisals; evaluations of existing contingencies and liabilities; product line integration information; and information systems compatibilities. If the initial accounting for an acquisition is incomplete by the end of the quarter in which the acquisition occurred, the Company will record a provisional estimate in the financial statements. The provisional estimate will be finalized as soon as information becomes available but will only occur up to one year from the acquisition date.

Noncontrolling Interests

On January 1, 2009, the Company adopted the new accounting guidance for reporting noncontrolling interest ("NCI") in a subsidiary. As a result, the Company reported NCI as a separate component of Equity in the Consolidated Balance Sheets. Additionally, the Company reported the portion of net income and comprehensive income (loss) attributed to the Company and NCI separately in the Consolidated Statements of Operations. The Company also included a separate column for NCI in the Consolidated Statements of Changes in Equity and Comprehensive Income. All related disclosures have been adjusted accordingly. Prior year amounts associated with NCI in the financial statements and accompanied footnotes have been retrospectively adjusted to conform to the adoption.

Segment Reporting

The Company has numerous operating businesses covering a wide range of products and geographic regions, primarily serving the professional dental market. Professional dental products represented approximately 97% of sales in 2009, 2008 and 2007. The Company has four reportable segments and a description of the activities of these segments is included in Note 4, Segment and Geographic Information.

Fair Value Measurement

Recurring Basis

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

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

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

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

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

The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Company considers its credit risks and its counterparties' credit risks when determining the fair values of its financial assets and liabilities. The Company has presented the required disclosures in Note 16, Fair Value Measurement.

Non-Recurring Basis

During the first quarter of 2009, the Company adopted the fair value measurement guidance for non-financial assets and liabilities. The new guidance changed the effective date for recognizing and disclosing the fair value for non-financial assets and liabilities except for items recognized or disclosed in the financial statements on a recurring basis. Additionally, the guidance also required additional disclosure about the fair value of financial instruments for interim reporting periods in addition to annual financial statements. The implementation of this new guidance did not impact the Company's financial statements in the current or prior periods.

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

Subsequent Events

In May 2009, a new accounting guidance was issued for disclosures about subsequent events. The new guidance requires the Company to disclose the date through which it has evaluated subsequent events and whether the date represents the date the financial statements were issued or were available to be issued. The Company has evaluated subsequent events through February 22, 2010, which is the date the financial statements have been filed with the SEC.

Codification

In June 2009, the FASB issued The FASB Accounting Standards Codification™ (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles in the United States. All guidance contained in the Codification carries an equal level of authority. On the effective date, the Codification superseded all then-existing non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature not included in the Codification became nonauthoritative. The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company has adopted this standard and updated all of its disclosures to be consistent with the Codification and has determined that the implementation of the Codification did not have a significant impact on its financial results.

Reclassification of Prior Year Amounts

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

Recent Accounting Pronouncements

In June 2009, the FASB issued new accounting guidance for the transfer of financial assets and the effects of a transfer on its financial position, financial performance and cash flows. The new guidance eliminates the use of qualified special purpose entities, clarifies the derecognition criteria for a transfer accounted for as a sale, and expands the disclosure requirements among other things. The new guidance is effective for fiscal years beginning after November 15, 2009 and must be applied prospectively to new transfers of financial assets. The Company believes this new guidance will not have a material impact on its financial statements.

In June 2009, the FASB issued new accounting guidance for VIE. The new guidance includes: (1) the elimination of the exemption from consolidation for qualifying special purpose entities, (2) a new approach for determining the primary beneficiary of a VIE, which requires that the primary beneficiary have both (i) the power to control the most significant activities of the VIE and (ii) either the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE, and (3) the requirement to continually reassess who should consolidate a VIE. The new guidance is effective for annual reporting periods that begin after November 15, 2009 and applies to all existing and new VIE.

The Company will be adopting new accounting guidance for VIE during the first quarter of 2010. The Company believes this new guidance will not have a material impact on its financial statements. The Company continues to believe that it will be the primary beneficiary of Materialise and Zhermack under this new accounting guidance for VIE. The accounting for Materialise and Zhermack are discussed further in Note 3, Business Acquisitions.

NOTE 2 - EARNINGS PER COMMON SHARE

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

(in thousands, except for share amounts)	Net income attributable to DENTSPLY International	Shares	Earnings per common share
Year Ended December 31, 2009			
Basic	$ 274,258	148,319	$ 1.85
Incremental shares from assumed exercise of dilutive options	-	1,783	
Diluted	$ 274,258	150,102	$ 1.83
Year Ended December 31, 2008			
Basic	$ 283,869	149,069	$ 1.90
Incremental shares from assumed exercise of dilutive options	-	2,610	
Diluted	$ 283,869	151,679	$ 1.87
Year Ended December 31, 2007			
Basic	$ 259,654	151,707	$ 1.71
Incremental shares from assumed exercise of dilutive options	-	3,014	
Diluted	$ 259,654	154,721	$ 1.68

Options to purchase 2.9 million, 1.6 million and 0.2 million shares of common stock that were outstanding during the years ended 2009, 2008 and 2007, respectively, were not included in the computation of diluted earnings per common share since the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

NOTE 3 - BUSINESS ACQUISITIONS

The Company accounts for all business combinations under the acquisition method of accounting; and 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.

During 2009, the acquisition related activity was $3.0 million, net of cash. This activity was related to an additional earn-out payment on a prior acquisition from 2007 and acquisition of a small sales and marketing organization of 3D digital implantology products.

During 2008, the acquisition related activity was $117.3 million, net of cash and assumed debt. This activity was related to three business combinations, the acquisition and consolidation of two VIE, and three earn-out payments on acquisitions from prior years.

Business Combinations

The following list provides information about the companies acquired in 2008, excluding the VIE:

- In July 2008, the Company acquired Dental Depot Lomberg B.V. (“Lomberg”), which markets and sells various dental products, including but not limited to, orthodontic products and materials. Lomberg is included in the Canada/Latin America/ Endodontics/ Orthodontics segment and further strengthens the Company’s dental specialty business.

- In July 2008, the Company acquired E.S. Holding N.V. (“E.S. Holding”), which manufactures, markets and sells dental products, particularly dental laboratory products, and non-dental products. E.S. Holding is included in the Dental Laboratory Business/Implants/Non-Dental segment and further strengthens the Company’s dental specialty and laboratory businesses.

- In December 2008, the Company acquired the assets of Apollonia & Fama Implant S.r.l. (“AFI”), which markets and sells dental implant products in Italy. AFI is included in the France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses segment and further strengthens the Company’s dental specialty business.

Variable Interest Entities

During 2006, the Company acquired a 40% interest in Materialise Dental N.V. (“Materialise”), a simulation software company and a leading manufacturer of a variety of surgical guides to assist in the placement of dental implants. The transaction provides the opportunity for the Company to acquire the remaining interest over time. The Company accounted for the initial purchase of 40% interest under the equity method.

In 2007, Materialise received a $2.7 million uncollateralized loan of which the Company funded $1.1 million, which was equivalent to its ownership interest. The loan has a five year term and was issued to support Materialise’s working capital. If the Company purchases additional shares subsequent to December 31, 2009 under the provisions of the Sale and Purchase Agreement (“SPA”), the loan is repayable immediately.

In the fourth quarter of 2008, the Company purchased an additional 6% interest in Materialise. The purchase of additional interest increased the Company’s total ownership to 46%, and created a reconsideration event in determining if the Company is the primary beneficiary of Materialise. The Company determined it was the primary beneficiary based on the purchase of the additional 6% ownership interests, existing provisions in the Share Purchase Agreement, and increased business arrangements between Materialise and the Company. The results and final estimates of fair values of assets acquired and liabilities of Materialise have been included in the Company’s financial statements and included in the Dental Laboratory Business/Implants/Non-Dental segment. The consolidation of Materialise further strengthens the Company’s product offerings in the dental specialty business.

On December 31, 2008, the Company acquired a 60% interest in Zhermack S.p.A. (“Zhermack”), a manufacturer, designer, marketer, and seller of dental consumables products. The Company determined that Zhermack is considered a VIE due to disproportionate voting rights. The Company is considered the primary beneficiary based on its total ownership interest in Zhermack and its opportunity to acquire the remaining interest over time. The estimates of fair values of assets acquired and liabilities assumed of Zhermack have been included in the Company’s financial statements and included in the U.S., Germany, and Certain Other European Regions Consumable Businesses segment. The consolidation of Zhermack further strengthens the Company’s product offerings in the dental consumables businesses.

The Company will be adopting new accounting guidance for VIE during the first quarter of 2010, which is discussed more fully in Note 1, Significant Accounting Policies. The Company continues to believe that it will be the primary beneficiary of Materialise and Zhermack under this new accounting guidance for VIE.

<u>Additional Earn-out Payments</u>

Several of the Company’s 2005 and 2007 acquisitions included provisions for possible additional payments based on the future performance of the individual businesses (generally for two to three years). During 2008, the Company paid $10.0 million in additional purchase price under these agreements. Several of the 2007 and 2008 acquisitions still have potential additional payments based on future operating performance of the businesses that could be paid out over the next five years.

<u>Purchase Price Allocations for the Business Acquisitions, VIE, and Additional Earnout Payments</u>

The purchase prices have been allocated on the basis of final estimates of fair values of assets acquired and liabilities assumed and have been included in the accompanying financial statements since the effective date of the respective transaction. As of December 31, 2009, the Company has recorded a total of $169.4 million in goodwill related to unallocated portions of the respective purchase prices for the three business combinations, two VIE, and additional earnout payments on acquisitions from prior years. None of this goodwill is expected to be deductible for tax purposes.

The aggregate purchase price allocation for these acquisitions based on final estimates of fair value is as follows (in thousands):

Current assets	$ 58,390
Property, plant and equipment	41,375
Identifiable intangible assets and goodwill	200,788
Other long-term assets	885
Total assets	$ 301,438
Current liabilities	(51,155)
Long-term liabilities	(34,712)
Total liabilities	$ (85,867)
Noncontrolling Interests	$ (67,962)
Net assets	$ 147,609

As a result of the acquisition related activity in 2008, the Company expensed $2.3 million for the fair value of in-process research and development.

Also, as a result of the finalization of fair values assigned to assets acquired and liabilities assumed from 2008 acquisition related activity, the Company has recorded a total of $31.4 million in intangible assets. Of this total amount of intangible assets, $27.1 million was recorded as trademarks, brand names and patents with an average weighted life of 16.0 years, and $4.3 million was allocated to other intangible assets with an average weighted life of 6.4 years.

Goodwill was assigned to the following four segments:

- $77.6 million to U.S., Germany, and Certain Other European Regions Consumable Businesses;
- $2.8 million to France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses;
- $16.2 million Canada/ Latin America/ Endodontics/ Orthodontics; and,
- $72.8 million to Dental Laboratory Business/ Implants/Non-Dental.

NOTE 4 – SEGMENT AND GEOGRAPHIC INFORMATION

The operating businesses are combined into operating groups, which have overlapping product offerings, geographical presence, customer bases, distribution channels and regulatory oversight. These operating groups are considered the Company’s reportable segments as the Company’s chief operating decision-maker regularly reviews financial results at the operating group level and uses this information to manage the Company’s operations. The accounting policies of the segments are consistent with those described for the consolidated financial statements in the summary of significant accounting policies (see Note 1, Significant Accounting Policies). The Company measures segment income for reporting purposes as net operating income before restructuring, impairments, and other costs, interest and taxes. Additionally, net operating income is derived from net third party sales, excluding precious metal content. A description of the services provided within each of the Company’s four reportable segments is provided below. The disclosure below reflects the Company’s segment reporting structure.

In January 2009, the Company moved the reporting responsibility for several locations between segments as a result of a change to the management structure. This change also helped the Company gain operating efficiencies and effectiveness. The segment information below reflects this revised structure for all periods shown.

United States, Germany, and Certain Other European Regions Consumable Businesses

This business group includes responsibility for the design, manufacture, sales and distribution for certain small equipment and chairside consumable products in the United States, Germany, and certain other European regions. It also has responsibility for the sales and distribution of certain Endodontic products in Germany.

France, United Kingdom, Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses

This business group includes responsibility for the sales and distribution for certain small equipment, chairside consumable products, certain laboratory products and certain Endodontic products in France, United Kingdom, Italy, the Commonwealth of Independent States ("CIS"), Middle East, Africa, Asia (excluding Japan), Japan and Australia, as well as the sale and distribution of implant products and bone substitute/grafting materials in Italy, Asia and Australia. This business group also includes the responsibility for sales and distribution for certain laboratory products, implants products and bone substitution/grafting materials for Austria. It also is responsible for sales and distribution for certain small equipment and chairside consumable products, certain laboratory products, implant products and bone substation/grafting materials in certain other European countries. In addition this business group also includes the manufacture and sale of Orthodontic products and certain laboratory products in Japan, and the manufacture of certain laboratory and certain Endodontic products in Asia.

Canada/Latin America/Endodontics/Orthodontics

This business group includes responsibility for the design, manufacture, and/or sales and distribution of certain small equipment, chairside consumable products, certain laboratory products and Endodontic products in Brazil. It also has responsibility for the sales and distribution of most of the Company's dental products sold in Latin America and Canada. This business group also includes the responsibility for the design and manufacture of Endodontic products in the United States, Switzerland and Germany and is responsible for the sales and distribution of the Company's Endodontic products in the United States, Canada, Switzerland, Benelux, Scandinavia, Austria, Latin America and Eastern Europe, and for certain Endodontic products in Germany. This business group is also responsible for the world-wide sales and distribution, excluding Japan, as well as some manufacturing of the Company's Orthodontic products. In addition, this business group is also responsible for sales and distribution in the United States for implant and bone substitute/grafting materials and the sales and distribution of implants in Brazil. This business group is also responsible for the manufacture and sale of certain products in the Company's non-dental business.

Dental Laboratory Business/Implants/Non-Dental

This business group includes the responsibility for the design, manufacture, sales and distribution for most laboratory products, excluding certain countries mentioned previously, and the design, manufacture, and/or sales and distribution of the Company's dental implant products and bone substitute/grafting materials, excluding sales and distribution of implants and bone substitute/grafting materials in the United States, Italy, Austria, and certain other Eastern European countries, Asia, and Australia. This business group is also responsible for most of the Company's non-dental business.

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, sales, distribution and general and administrative costs.

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

The following table sets forth information about the Company's operating groups for the years ended December 31, 2009, 2008 and 2007.

Third Party Net Sales

(in thousands)	2009	2008	2007
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 526,668	$ 459,678	$ 428,236
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	453,827	468,413	413,068
Canada/Latin America/Endodontics/ Orthodontics	621,256	632,151	587,539
Dental Laboratory Business/ Implants/Non-Dental	561,042	636,791	584,575
All Other (a)	(2,877)	(3,310)	(3,585)
Total Net Sales	$ 2,159,916	$ 2,193,723	$ 2,009,833

Third Party Net Sales, Excluding Precious Metal Content

(in thousands)	2009	2008	2007
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 526,668	$ 459,678	$ 428,237
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	419,385	437,479	381,235
Canada/Latin America/Endodontics/ Orthodontics	618,414	628,887	583,885
Dental Laboratory Business/ Implants/Non-Dental	429,614	471,066	430,127
All Other (a)	(2,877)	(3,310)	(3,585)
Total net sales, excluding precious metal content	$ 1,991,204	$ 1,993,800	$ 1,819,899
Precious metal content of sales	168,712	199,923	189,934
Total net sales, including precious metal content	$ 2,159,916	$ 2,193,723	$ 2,009,833

(a) Includes amounts recorded at Corporate headquarters

Intersegment Net Sales

(in thousands)	2009	2008	2007
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 104,328	$ 130,463	$ 100,964
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	13,202	15,941	16,682
Canada/Latin America/Endodontics/ Orthodontics	103,329	106,031	88,953
Dental Laboratory Business/ Implants/Non-Dental	104,164	111,925	98,558
All Other (a)	176,539	177,251	151,345
Eliminations	(501,562)	(541,611)	(456,502)
Total	$ -	$ -	$ -

Depreciation and Amortization

(in thousands)	2009	2008	2007
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 14,945	$ 12,807	$ 10,977
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	3,884	3,188	3,201
Canada/Latin America/Endodontics/ Orthodontics	16,978	17,179	14,934
Dental Laboratory Business/ Implants/Non-Dental	21,461	16,063	14,463
All Other (b)	7,907	7,692	6,714
Total	$ 65,175	$ 56,929	$ 50,289

(a) Includes results of Corporate headquarters and one distribution warehouse not managed by named segments.
(b) Includes amounts recorded at Corporate headquarters.

Segment Operating Income

(in thousands)	2009	2008	2007
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 158,389	$ 162,717	$ 139,001
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	18,721	13,017	9,983
Canada/Latin America/Endodontics/ Orthodontics	185,772	200,101	180,944
Dental Laboratory Business/ Implants/Non-Dental	93,569	124,898	112,444
All Other (a)	(68,374)	(87,957)	(76,954)
Segment Operating Income	$ 388,077	$ 412,776	$ 365,418
Reconciling Items:			
Restructuring and other costs	6,890	32,355	10,527
Interest Expense	21,896	32,527	23,783
Interest Income	(5,032)	(17,089)	(26,428)
Other expense (income), net	967	10,110	(656)
Income before income taxes	$ 363,356	$ 354,873	$ 358,192

Capital Expenditures

(in thousands)	2009	2008	2007
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 8,333	$ 19,836	$ 10,538
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	2,506	3,839	2,286
Canada/Latin America/Endodontics/ Orthodontics	14,434	19,593	22,376
Dental Laboratory Business/ Implants/Non-Dental	25,546	24,510	23,896
All Other (b)	5,662	8,662	5,067
Total	$ 56,481	$ 76,440	$ 64,163

(a) Includes results of Corporate headquarters, inter-segment eliminations and one distribution warehouse not managed by named segments
(b) Includes capital expenditures of Corporate headquarters.

Assets

(in thousands)	2009	2008
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 602,272	$ 556,125
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	388,831	385,050
Canada/Latin America/Endodontics/ Orthodontics	809,924	763,479
Dental Laboratory Business/ Implants/Non-Dental	973,764	942,504
All Other (a)	313,141	183,242
Total	$ 3,087,932	$ 2,830,400

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

Geographic Information

The following table sets forth information about the Company's operations in different geographic areas for the years ended December 31, 2009, 2008 and 2007. 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.

(in thousands)	United States	Germany	Other Foreign	Consolidated
2009				
Net sales	$ 843,349	$ 482,130	$ 834,437	$ 2,159,916
Long-lived assets	167,574	143,469	232,691	543,734
2008				
Net sales	$ 865,743	$ 470,836	$ 857,144	$ 2,193,723
Long-lived assets	175,360	137,871	233,668	546,899
2007				
Net sales	$ 844,162	$ 438,099	$ 727,572	$ 2,009,833
Long-lived assets	172,204	144,340	157,207	473,751

Product and Customer Information

The following table presents net sales information by product category:

(in thousands)	2009	December 31, 2008	2007
Dental consumables products	$ 710,606	$ 680,016	$ 634,480
Dental laboratory products	500,235	558,291	530,821
Dental specialty products	895,357	888,484	782,808
Non-dental products	53,718	66,932	61,724
Total net sales	$ 2,159,916	$ 2,193,723	$ 2,009,833

Dental consumable products consist of dental sundries and small equipment products used in dental offices for the treatment of patients. DENTSPLY's products in this category include dental anesthetics, infection control products, prophylaxis paste, dental sealants, impression materials, restorative materials, bone grafting materials, tooth whiteners and topical fluoride. The Company manufactures thousands of different consumable products marketed under more than a hundred brand names. Small equipment products consist of various durable goods used in dental offices for treatment of patients. DENTSPLY's small equipment products include 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, crown and bridge materials, and equipment products used in laboratories consisting of computer aided machining (CAM) ceramic systems and porcelain furnaces.

Dental specialty products are specialized treatment products used within the dental office and laboratory settings. DENTSPLY's products in this category include endodontic (root canal) instruments and materials, implants and related products, bone grafting material, 3D digital implantology, 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 casting products, as well as certain medical products.

One customer, Henry Schein, Incorporated, a dental distributor, accounted for more than ten percent of consolidated net sales in 2009, 2008 and 2007 accounting for 11%, 11% and 12% of all sales, respectively. Third party export sales from the U.S. are less than ten percent of consolidated net sales.

NOTE 5 – OTHER EXPENSE (INCOME)

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

	December 31,		
(in thousands)	2009	2008	2007
Foreign exchange transaction losses (gains)	$ 336	$ 8,881	$ (452)
Other expense (income)	631	1,229	(204)
	$ 967	$ 10,110	$ (656)

NOTE 6 – INVENTORIES, NET

Inventories, net, consist of the following:

	December 31,	
(in thousands)	2009	2008
Finished goods	$ 178,721	$ 184,226
Work-in-process	53,056	58,123
Raw materials and supplies	59,863	63,776
	$ 291,640	$ 306,125

The Company's inventory valuation reserve was $31.9 million for 2009 and $28.4 million for 2008.

NOTE 7- PROPERTY, PLANT AND EQUIPMENT, NET

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

(in thousands)	December 31, 2009	December 31, 2008
Assets, at cost:		
Land	$ 43,207	$ 40,702
Buildings and improvements	295,297	256,172
Machinery and equipment	546,806	511,618
Construction in progress	18,610	31,659
	903,920	840,151
Less: Accumulated depreciation	464,301	407,875
Property, plant and equipment, net	$ 439,619	$ 432,276

NOTE 8 – GOODWILL AND INTANGIBLE ASSETS

The Company requires that impairment tests on goodwill or other indefinite-lived intangible assets be performed annually and are based upon a fair value approach rather than an evaluation of undiscounted cash flows. If goodwill impairment is identified, the resulting charge is determined by recalculating goodwill through a hypothetical purchase price allocation of the fair value and reducing the current carrying value to the extent it exceeds the recalculated goodwill. If impairment is identified on indefinite-lived intangibles, the resulting charge reflects the excess of the asset's carrying cost over its fair value. Other intangible assets with finite lives are amortized over their useful lives and tested for impairment when events or changes in circumstances indicate that the finite-lived intangible assets may be impaired

In addition to minimum annual impairment tests, the Company also requires that impairment assessments be made more frequently if events or changes in circumstances indicate that the goodwill or indefinite-lived intangible assets might be impaired. As the Company learns of such changes in circumstances through periodic analysis of actual results or through the annual development of operating unit business plans in the fourth quarter of each year, for example, impairment assessments will be performed as necessary.

The Company performs its annual goodwill impairment test in the second quarter of each year. This impairment assessment includes an evaluation of various reporting units, which are generally an operating segment or one reporting level below the operating segment. The Company compares the fair value of each reporting unit to its carrying amount to determine if there is potential goodwill impairment. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill of the reporting unit is less than the carrying value of its goodwill.

The Company performed the required annual impairment tests of goodwill as of April 30, 2009 on seven reporting units. To determine the fair value of our reporting units, the Company uses a discounted cash flow model with market-based support as its valuation technique to measure the fair value for its reporting units. The discounted cash flow model uses five year forecasted cash flows plus a terminal value based on a multiple of earnings. In addition, the Company applied gross margin and operating expense assumptions consistent with historical trends. The total cash flows were discounted based on a range between 8% to 11%, which included assumptions regarding the Company's weighted-average cost of capital. The Company considered the current market conditions when determining its assumptions as the U.S. economy, and to a certain extent, the global economy, were in a recession during 2009. Lastly, the Company reconciled the aggregated fair values of its reporting units to its market capitalization, which included a reasonable control premium based on market conditions. As a result of the annual impairment tests of goodwill, no impairment was identified.

As of December 31, 2009, the Company has assigned no value to indefinite-lived intangible assets. Impairments of finite-lived identifiable intangible assets for the years ended December 31, 2009, 2008 and 2007 were $0.3 million, $2.7 million and $0.2 million, respectively.

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

(in thousands)	December 31, 2009	December 31, 2008
Goodwill	$ 1,312,596	$ 1,277,026
Finite-lived identifiable intangible assets, net	$ 89,086	$ 103,718

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

(in thousands)	December 31, 2009	December 31, 2008
Balance, beginning of the year	$ 1,277,026	$ 1,127,420
Acquisition activity	3,572	164,200
Changes to purchase price allocations	5,245	(175)
Effects of exchange rate changes	26,753	(14,419)
Balance, end of the year	$ 1,312,596	$ 1,277,026

The Company has not recorded impairments to goodwill for the year ended December 31, 2009.

The change in the net carrying value of goodwill from 2008 to 2009 was due to foreign currency translation adjustments, additional payments based on the performance of the previously acquired businesses and changes to purchase price allocations. The purchase price allocation changes were primarily related to the finalization of the purchase price allocation on 2008 acquisitions.

Goodwill by reportable segment is as follows:

(in thousands)	December 31, 2009	December 31, 2008
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 252,538	$ 255,768
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	159,383	161,623
Canada/Latin America/Endodontics/ Orthodontics	267,427	257,183
Dental Laboratory Business/ Implants/Non-Dental	633,248	602,452
Total	$ 1,312,596	$ 1,277,026

Finite-lived identifiable intangible assets consist of the following:

(in thousands)	December 31, 2009 Gross Carrying Amount	December 31, 2009 Accumulated Amortization	December 31, 2009 Net Carrying Amount	December 31, 2008 Gross Carrying Amount	December 31, 2008 Accumulated Amortization	December 31, 2008 Net Carrying Amount
Patents	$ 38,840	$ (25,842)	$ 12,998	$ 41,353	$ (22,945)	$ 18,408
Trademarks	70,353	(17,939)	52,414	75,310	(14,472)	60,838
Licensing agreements	28,880	(14,138)	14,742	29,490	(13,032)	16,458
Other	15,364	(6,432)	8,932	12,197	(4,183)	8,014
	$ 153,437	$ (64,351)	$ 89,086	$ 158,350	$ (54,632)	$ 103,718

Amortization expense for finite-lived identifiable intangible assets for 2009, 2008 and 2007 was $10.6 million, $8.7 million and $7.7 million, respectively. The annual estimated amortization expense related to these intangible assets for each of the five succeeding fiscal years is $9.3 million, $8.6 million, $7.9 million, $6.6 million and $5.9 million for 2010, 2011, 2012, 2013 and 2014, respectively.

NOTE 9 - ACCRUED LIABILITIES

Accrued liabilities consist of the following:

(in thousands)	December 31, 2009	December 31, 2008
Payroll, commissions, bonuses, other cash compensation and employee benefits	$ 60,083	$ 68,602
General insurance	13,222	14,130
Sales and marketing programs	28,468	27,441
Professional and legal costs	10,248	10,075
Restructuring costs	9,358	4,905
Warranty liabilities	4,141	4,260
Deferred income	3,385	2,613
Accrued vacation and holidays	13,425	12,391
Third party royalties	9,806	9,053
Current portion of derivatives	59,250	8,520
Other	37,783	31,670
	$ 249,169	$ 193,660

A reconciliation of changes in the Company's warranty liability for 2009 and 2008 is as follows:

(in thousands)	December 31, 2009	December 31, 2008
Balance, beginning of the year	$ 4,260	$ 4,431
Accruals for warranties issued during the year	1,129	859
Accruals related to pre-existing warranties	-	(48)
Warranty settlements made during the year	(1,295)	(875)
Effects of exchange rate changes	47	(107)
Balance, end of the year	$ 4,141	$ 4,260

NOTE 10 - FINANCING ARRANGEMENTS

Recent Financing Activities

On October 16, 2009, the Company and a group of investors agreed to a new $250.0 million Private Placement Note (“PPN”) to be funded not later than February 19, 2010 with an average maturity of five years and a final maturity of six years at a fixed rate of 4.11%. The PPN is unsecured and contains certain affirmative and negative covenants relating to operations and financial condition of the Company similar in substance to the existing $150.0 million U.S. Private Placement Note maturing March 15, 2010.

In accordance with the terms of PPN Purchase Agreement (the “Agreement”), the Company received net proceeds of $250.0 million on February 19, 2010. The proceeds will be used to refinance the $150.0 million U.S. Private Placement Note due on March 15, 2010 with the remaining proceeds used to repay the commercial paper borrowing of $85.2 million and fund book overdrafts of $4.0 million. As of December 31, 2009, the Company has classified $239.2 million as long-term debt. The long-term debt classification is supported by the fact that the Company has demonstrated its intent and ability to fund existing short-term debt with the proceeds from the PPN. Additionally, the Agreement has an average maturity of five years, and the lenders are not permitted to cancel the Agreement or accelerate repayments. The Agreement does not contain a material adverse change clause subsequent to funding.

Short-Term Borrowings

Short-term bank borrowings amounted to $15.6 million and $21.8 million at December 31, 2009 and 2008, respectively. The weighted average interest rates of these borrowings were 3.0% and 5.3% at December 31, 2009 and 2008, respectively. Unused lines of credit for short-term financing at December 31, 2009 and 2008 were $56.9 million and $43.4 million, respectively. Substantially all other short-term borrowings were classified as long-term as of December 31, 2009 and 2008, reflecting the Company's intent and ability to refinance these obligations beyond one year and are included in the following table. 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,	
(in thousands)	2009	2008
Multi-currency revolving credit agreement expiring May 2010:		
Swiss francs 65 million at 0.60%	$ 62,844	$ 60,809
Swiss francs 57 million	-	53,507
Private placement notes:		
U.S. dollar denominated expiring March 2010 at 0.55%	150,000	150,000
Term Loan Agreement:		
Japanese yen denominated expiring March 2012 at 1.00%	134,776	138,247
U.S. dollar commercial paper:		
Facility rated A/2-P/2 U.S. dollar borrowings at 0.30%	85,200	-
Other borrowings, various currencies and rates	20,911	25,096
	$ 453,731	$ 427,659
Less: Current portion		
(included in notes payable and current portion of long-term debt)	66,580	3,980
Long term portion	$ 387,151	$ 423,679

The table below reflects the contractual maturity dates of the various borrowings at December 31, 2009. The borrowings under the U.S. Private Placement Note and the commercial paper program are considered contractually due in 2014 and 2015 and beyond.

(in thousands)

2010	$	66,580
2011		5,299
2012		139,470
2013		1,215
2014		75,682
2015 and beyond		165,485
	$	453,731

The Company utilizes interest rate swaps to convert the Swiss franc denominated debt under the revolving facility to fixed rate debt. The Company utilizes interest rate swaps to convert the variable rate Japanese yen and U.S. dollar denominated private placement notes to fixed rate debt. The Company's use of interest rate swaps is further described in Note 15, Financial Instruments and Derivatives.

The Company has a $500.0 million revolving credit agreement with participation from thirteen banks, which expires in May 2010. The revolving credit agreements contain a number of covenants and two financial ratios, which the Company is required to satisfy. The most restrictive of these covenants pertain to asset dispositions and prescribed ratios of indebtedness to total capital and operating income excluding depreciation and amortization to interest expense. Any breach of any such covenants or restrictions would result in a default under the existing borrowing documentation that would permit the lenders to declare all borrowings under such documentation to be immediately due and payable and, through cross default provisions, would entitle the Company's other lenders to accelerate their loans. At December 31, 2009, the Company was in compliance with these covenants. The Company pays a facility fee of 0.10% annually on the amount of the commitment under the $500.0 million five-year facility. The entire $500.0 million revolving credit agreement has a usage fee of 0.10% annually if utilization exceeds 50% of the total available facility. Interest rates on amounts borrowed under the facility will depend on the maturity of the borrowing, the currency borrowed, the interest rate option selected, and the Company’s long-term credit rating from Standard and Poor’s.

The Company has a U.S. dollar commercial paper facility totaling $250.0 million, which has utilization, dealer and annual appraisal fees which on average cost 0.11% annually. The $500.0 million revolving credit facility acts as back-up credit to this commercial paper facility. The total available credit under the commercial paper facility and the revolving credit facility is $500.0 million. As of December 31, 2009, the Company had $85.2 million outstanding in commercial paper and $62.8 million in revolving credit obligations.

At December 31, 2009, the Company had total unused lines of credit, including lines available under its short-term arrangements and revolving credit agreement, of $404.9 million.

NOTE 11 - EQUITY

At December 31, 2009, the Company had authorization to repurchase shares under its stock repurchase program in an amount up to 17,000,000 shares of treasury stock. Under its stock repurchase program, the Company purchased 2,452,903 shares and 2,971,155 shares during 2009 and 2008 at an average price of $32.09 and $37.91, respectively. As of December 31, 2009 and 2008, the Company held 15.8 million and 14.2 million shares of treasury stock, respectively. During 2009, the Company repurchased $78.7 million in treasury stock. The Company also received proceeds of $13.4 million primarily as a result of the exercise of 0.9 million stock options during the year ended December 31, 2009. It is the Company’s practice to issue shares from treasury stock when options are exercised. The tax benefit realized for the options exercised during the year ended December 31, 2009 is $3.9 million.

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

(in thousands)	Common Shares	Treasury Shares	Outstanding Shares
Balance at December 31, 2006	162,776	(10,985)	151,791
Shares Issued	-	2,421	2,421
Repurchase of common stock at cost	-	(3,390)	(3,390)
Balance at December 31, 2007	162,776	(11,954)	150,822
Shares Issued	-	677	677
Repurchase of common stock at cost	-	(2,971)	(2,971)
Balance at December 31, 2008	162,776	(14,248)	148,528
Shares Issued	-	886	886
Repurchase of common stock at cost	-	(2,453)	(2,453)
Balance at December 31, 2009	162,776	(15,815)	146,961

The Company maintains the 2002 Equity Incentive Plan (the "Plan") under which it may grant non-qualified stock options, incentive stock options, restricted stock, restricted stock units ("RSU") and stock appreciation rights, collectively referred to as "Awards." Awards are granted at exercise prices that approximate the fair market value of the common stock on the grant date. The Plan authorizes grants of 14,000,000 shares of common stock, plus any unexercised portion of canceled or terminated stock options granted under the DENTSPLY International Inc 1993 and 1998 Plans, subject to adjustment as follows: each January, if 7% of the total outstanding common shares of the Company exceed 14,000,000, the excess becomes available for grant under the Plan. No more than 2,000,000 shares may be awarded as restricted stock and restricted stock units, and no key employee may be granted restricted stock units in excess of 150,000 shares of common stock in any calendar year. The number of shares available for grant under the 2002 Plan as of December 31, 2009 is 1.0 million.

Stock 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 when they become immediately exercisable upon death, disability or qualified retirement. RSU vest 100% on the third anniversary of the date of grant and are subject to a service condition, which requires grantees to remain employed by the Company during the three-year period following the date of grant. In addition to the service condition, certain key executives are subject to performance requirements. Similar to stock options, RSU become immediately exercisable upon death, disability or qualified retirement. The fair value of each RSU assumes that performance goals will be achieved. If such goals are not met, no compensation cost is recognized and any recognized compensation costs is reversed. Under the terms of the RSU, the three-year period is referred to as the restricted period. RSU and the rights under the award may not be sold, assigned, transferred, donated, pledged or otherwise disposed of during the three year restricted period prior to vesting. Upon the expiration of the applicable restricted period and the satisfaction of all conditions imposed, all restrictions imposed on RSU will lapse, and one share of common stock will be issued as payment for each vested RSU.

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

(in millions)		December 31,	
	2009	2008	2007
Stock option expense	$ 8.7	$ 11.7	$ 11.2
RSU expense	6.4	4.4	1.7
Total stock based compensation expense	$ 15.1	$ 16.1	$ 12.9
Related deferred income tax benefit	$ 3.6	$ 3.9	$ 3.2

The stock option expense shown in the preceding table represents the aggregate fair value of shares vested during the year ended December 31, 2009, 2008 and 2007. There were 3.4 million non-qualified stock options unvested as of December 31, 2009. The remaining unamortized compensation cost related to non-qualified stock options is $18.2 million, which will be expensed over the weighted average remaining vesting period of the options, or 1.8 years. The unamortized compensation cost related to RSU is $7.8 million, which will be expensed over the remaining weighted average restricted period of the RSU, or 1.5 years.

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

	December 31, 2009	December 31, 2008	December 31, 2007
Weighted average fair value per share	$ 7.31	$ 5.23	$ 8.75
Expected dividend yield	0.60%	0.69%	0.41%
Risk-free interest rate	2.14%	1.85%	3.67%
Expected volatility	22%	21%	21%
Expected life (years)	4.84	4.66	4.66

The total intrinsic value of options exercised for the years ended December 31, 2009, 2008 and 2007 was $12.3 million, $13.7 million and $41.1 million, respectively.

The following table summarizes the non-qualified stock option transactions for the year ended December 31, 2009:

(in thousands, except per share amounts)	Outstanding Shares	Outstanding Weighted Average Exercise Price	Outstanding Aggregate Intrinsic Value	Exercisable Shares	Exercisable Weighted Average Exercise Price	Exercisable Aggregate Intrinsic Value
December 31, 2008	11,285	$ 26.75	$ 41,428	8,185	$ 24.71	$ 37,796
Granted	1,805	33.33				
Exercised	(824)	16.26				
Forfeited	(228)	32.44				
December 31, 2009	12,038	$ 28.34	$ 94,148	8,682	$ 26.78	$ 80,839

The weighted average remaining contractual term of all outstanding options is 6.3 years and the weighted average remaining contractual term of exercisable options is 4.9 years.

The following table summarizes information about non-qualified stock options outstanding for the year ended December 31, 2009:

Incremental Changes in Stock Price	Outstanding: Number Outstanding at December 31, 2009	Outstanding: Weighted Average Remaining Contractual Life (in years)	Outstanding: Weighted Average Exercise Price	Exercisable: Number Exercisable at December 31, 2009	Exercisable: Weighted Average Exercise Price
$5.00 - $10.00	5,200	0.2	$ 9.19	5,200	$ 9.19
10.01 - 15.00	282,900	1.0	12.50	282,900	12.50
15.01 - 20.00	1,441,533	2.5	17.50	1,441,533	17.50
20.01 - 25.00	1,155,595	4.0	22.19	1,124,795	22.20
25.01 - 30.00	4,884,049	6.6	27.11	3,695,904	27.39
30.01 - 35.00	3,012,500	8.3	32.76	1,322,434	31.42
35.01 - 40.00	128,479	8.0	37.44	61,248	37.12
40.01 - 45.00	41,383	8.1	41.14	17,370	41.18
45.01 - 50.00	1,086,533	7.8	45.15	730,400	45.15
	12,038,172	6.3	$ 28.34	8,681,784	$ 26.78

The following table summarizes the unvested RSU and RSU dividend transactions for the year ended December 31, 2009:

(in thousands, except per share amounts)	Unvested Restricted Stock Units	
	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2008	400	$ 36.11
Granted	300	26.46
Exercised	(1)	30.81
Vested	(10)	31.76
Forfeited	(27)	32.94
Unvested at December 31, 2009	662	$ 31.94

NOTE 12 - INCOME TAXES

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

(in thousands)	December 31, 2009	2008	2007
United States	$ 99,009	$ 45,171	$ 100,740
Foreign	264,347	309,702	257,452
	$ 363,356	$ 354,873	$ 358,192

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

(in thousands)	December 31, 2009	2008	2007
Current:			
U.S. federal	$ 30,851	$ (9,913)	$ 14,395
U.S. state	5,886	2,291	4,122
Foreign	52,012	65,854	54,396
Total	$ 88,749	$ 58,232	$ 72,913
Deferred:			
U.S. federal	$ (8,046)	$ 23,496	$ 28,131
U.S. state	(476)	3,283	1,627
Foreign	8,717	(13,408)	(4,190)
Total	$ 195	$ 13,371	$ 25,568
	$ 88,944	$ 71,603	$ 98,481

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

	December 31, 2009	2008	2007
Statutory federal income tax rate	35.0%	35.0%	35.0%
Effect of:			
State income taxes, net of federal benefit	1.0	1.0	1.0
Federal benefit of R&D and foreign tax credits	(11.3)	(15.8)	(3.2)
Tax effect of international operations	0.7	5.3	(2.4)
Net effect of tax audit activity	(1.3)	(4.4)	1.0
Tax effect of enacted statutory rate changes	-	0.1	(3.1)
Federal tax on unremitted earnings of certain foreign subsidiaries	0.1	(0.3)	0.1
Valuation allowance adjustments	-	(0.4)	-
Other	0.3	(0.3)	(0.9)
Effective income tax rate on operations	24.5%	20.2%	27.5%

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

(in thousands)	December 31, 2009 Current Asset (Liability)	December 31, 2009 Noncurrent Asset (Liability)	December 31, 2008 Current Asset (Liability)	December 31, 2008 Noncurrent Asset (Liability)
Employee benefit accruals	$ 2,791	$ 25,085	$ 4,159	$ 20,832
Product warranty accruals	980	-	1,065	-
Insurance premium accruals	5,068	-	5,401	-
Commission and bonus accrual	1,764	-	1,904	-
Sales and marketing accrual	4,553	-	3,799	-
Restructuring and other cost accruals	777	-	800	2,178
Differences in financial reporting and tax basis for:				
Inventory	15,554	-	14,196	-
Property, plant and equipment	-	(38,663)	-	(40,493)
Identifiable intangible assets	-	(130,419)	-	(109,278)
Unrealized losses included in other comprehensive income	22,249	33,296	2,347	82,641
Miscellaneous accruals	7,072	1,457	10,108	1,073
Other	974	11,853	1,673	1,594
Taxes on unremitted earnings of foreign subsidiaries	-	(1,486)	-	(1,076)
R&D and foreign tax credit carryforwards	10,254	25,355	5,000	19,678
Tax loss carryforwards and other tax attributes	3,979	66,031	11,833	46,869
Valuation allowance	(485)	(51,324)	(194)	(36,547)
	$ 75,530	$ (58,815)	$ 62,091	$ (12,529)

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

(in thousands)	December 31, 2009	2008
Prepaid expenses and other current assets	$ 77,277	$ 63,952
Income taxes payable	1,747	1,861
Other noncurrent assets	13,709	56,520
Deferred income taxes	72,524	69,049

The Company has $35.3 million of foreign tax credit carryforwards $7.9 million, $7.1 million, $9.9 million and $10.4 million will expire in 2015, 2016, 2017 and 2019 respectively.

Certain foreign and domestic subsidiaries of the Company have tax loss carryforwards of $536.3 million at December 31, 2009, of which $448.2 million expire through 2029 and $88.1 million may be carried forward indefinitely. The tax benefit of certain tax loss carryforwards and deferred tax assets has been offset by a valuation allowance as of December 31, 2009, because it is uncertain whether the benefits will be realized in the future. The valuation allowance at December 31, 2009 and 2008 was $51.8 million and $36.7 million, respectively.

The Company has provided federal income taxes on certain undistributed earnings of its foreign subsidiaries that the Company anticipates will be repatriated. Deferred federal income taxes have not been provided on $621.3 million of cumulative earnings of foreign subsidiaries that the Company has determined to be permanently reinvested. It is not practicable to estimate the amount of tax that might be payable on these permanently reinvested earnings.

Tax Contingencies

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

The total amount of gross unrecognized tax benefits at December 31, 2009, is approximately $18.4 million, of this total, approximately $17.0 million represents the amount of unrecognized tax benefits that, if recognized, would affect the effective income tax rate. It is reasonably possible that certain amounts of unrecognized tax benefits will significantly increase or decrease within twelve months of the reporting date of the Company's consolidated financial statements. Final settlement and resolution of outstanding tax matters in various jurisdictions during the next twelve months could include unrecognized tax benefits of approximately $1.1 million. In addition, expiration of statutes of limitation in various jurisdictions during the next twelve months could include unrecognized tax benefits of approximately $1.0 million.

The total amount of accrued interest and penalties were $5.6 million and $7.2 million as of December 31, 2009 and December 31, 2008, respectively. The Company has consistently classified interest and penalties recognized in its consolidated financial statements as income taxes based on the accounting policy election of the Company. During the year ended December 31, 2009 and December 31, 2008, the Company recognized income tax benefits in the amount of $1.7 million and $5.5 million for interest and penalties. During the year ended December 31, 2007, the company recognized income tax expense of $2.6 million in interest and penalties.

The Company is subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. The significant jurisdictions include the U.S., Germany and Switzerland. The Company has substantially concluded all U.S. federal income tax matters for years through 2005, resulting in the years 2006, 2007 and 2008 being subject to future potential tax audit adjustments while years prior to 2006 are settled. The Company has concluded audits in Germany through the tax year 2003 and is currently under audit for the years 2004 through 2008. The taxable years that remain open for Switzerland are 1999 through 2008.

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

	December 31,		
(in thousands)	2009	2008	2007
Unrecognized tax benefits at beginning of period	$ 17,285	$ 36,307	$ 36,862
Gross change for prior period positions	(672)	2,939	1,619
Gross change for current year positions	1,630	785	1,129
Decrease due to settlements and payments	(4,703)	(15,677)	-
Decrease due to statute expirations	(1,026)	(5,752)	(3,303)
Increase due to effect of foreign currency translation	350	-	-
Decrease due to effect from foreign currency translation	-	(1,317)	-
Unrecognized tax benefits at end of period	$ 12,864	$ 17,285	$ 36,307

NOTE 13 - 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 $24.6 million, $21.2 million and $20.9 million in 2009, 2008 and 2007, respectively.

Defined Contribution Plans

In December 2006, the Board of Directors amended the DENTSPLY Employee Stock Ownership Plan ("ESOP") and 401(k) plans to redesign the future distribution of allocations of "Covered Compensation," with a targeted 3% going into the ESOP in Company stock and a targeted 3% going into the 401(k) as a Non-Elective Contribution ("NEC") in cash. The principal driver of this redesign is to provide quicker diversification opportunity to the participants as the investment of the NEC is participant directed. The Company sponsors an employee 401(k) savings plan for its U.S. workforce to which enrolled participants may contribute up to Internal Revenue Service ("IRS") defined limits. The annual expense and cash contribution to the 401(k) is expected to be $5.3 million for 2009 (to be contributed in the first quarter of 2010), and was $5.0 million and $4.6 million in 2008 and 2007, respectively.

The ESOP is a non-contributory defined contribution plan that covers substantially all of the U.S. based non-union employees of the Company. Contributions to the ESOP, net of forfeitures, are expected to be $1.4 million for 2009 (to be contributed in the first quarter of 2010), and were $1.3 million for 2008 (contributed in the first quarter of 2009), and were $0.2 million for 2007 (contributed in the first quarter of 2008).

All future ESOP allocations will come from a combination of forfeited shares and shares acquired in the open market. The Company has targeted future ESOP allocations at 3% of "Covered Compensation." The share allocation will be accounted at fair value at the point of allocation, which is normally year-end.

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 U.S. Pension benefits for salaried plans are based on salary and years of service; hourly plans are based on negotiated benefits and years of service. Annual contributions to the pension plans are sufficient to satisfy minimum funding requirements. Pension plan assets are held in trust and consist mainly of common stock and fixed income investments. The U.S. plans are funded in excess of the funding required by the U.S. Department of Labor.

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

Defined Benefit Pension Plan Assets

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

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

The defined benefit pension plan assets maintained in Germany, Japan, the Netherlands, Switzerland and Taiwan all have separate investment policies but generally have an objective is to achieve a long-term rate of return in excess 5% while at the same time mitigating the impact of investment risk associated with investment categories that are expected to yield greater than average returns. In accordance with the investment policies for the plans outside the U.S., the plans assets were invested in the following investment categories: interest-bearing cash, U.S. and foreign equities, foreign fixed income securities (primarily corporate and government bonds), insurance company contracts, real estate, and hedge funds.

Postretirement Healthcare

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

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

	Pension Benefits		Other Postretirement Benefits	
	December 31,		December 31,	
(in thousands)	2009	2008	2009	2008
Change in Benefit Obligation				
Benefit obligation at beginning of year	$ 183,785	$ 176,634	$ 10,501	$ 10,420
Service cost	8,375	6,980	50	50
Interest cost	8,003	7,910	676	635
Participant contributions	2,774	2,667	689	710
Actuarial (gains) losses	(7,202)	7,973	1,018	670
Amendments	(29)	-	-	-
Divestitures	286	521	-	-
Effects of exchange rate changes	4,929	1,055	-	-
Settlement gains	(808)	(10,130)	-	-
Benefits paid	(8,137)	(9,825)	(1,268)	(1,984)
Benefit obligation at end of year	$ 191,976	$ 183,785	$ 11,666	$ 10,501
Change in Plan Assets				
Fair value of plan assets at beginning of year	$ 75,986	$ 90,658	$ -	$ -
Actual return on assets	5,687	(11,200)	-	-
Settlement gains	-	(10,130)	-	-
Effects of exchange rate changes	2,474	4,578	-	-
Employer contributions	10,082	9,238	579	1,274
Participant contributions	2,774	2,667	689	710
Benefits paid	(8,137)	(9,825)	(1,268)	(1,984)
Fair value of plan assets at end of year	$ 88,866	$ 75,986	$ -	$ -
Funded status at end of year	$ (103,110)	$ (107,799)	$ (11,666)	$ (10,501)

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

	Pension Benefits		Other Postretirement Benefits	
	December 31,		December 31,	
(in thousands)	2009	2008	2009	2008
Other noncurrent assets	$ 1	$ 11	$ -	$ -
Deferred tax asset	7,177	9,672	1,427	1,142
Total assets	$ 7,178	$ 9,683	$ 1,427	$ 1,142
Current liabilities	(3,604)	(3,290)	(1,107)	(1,084)
Long-term liabilities	(99,507)	(104,521)	(10,559)	(9,416)
Deferred tax liability	(238)	(452)	-	-
Total liabilities	$ (103,349)	$ (108,263)	$ (11,666)	$ (10,500)
Accumulated other comprehensive income	20,504	28,282	2,270	1,816
Net amount recognized	$ (75,667)	$ (70,298)	$ (7,969)	$ (7,542)

Amounts recognized in AOCI consist of:

	Pension Benefits		Other Postretirement Benefits	
	December 31,		December 31,	
(in thousands)	2009	2008	2009	2008
Net actuarial loss	$ 27,056	$ 36,702	$ 3,697	$ 2,958
Net prior service cost	262	437	-	-
Net transition obligation	125	364	-	-
Pretax AOCI	$ 27,443	$ 37,503	$ 3,697	$ 2,958
Less deferred taxes	6,939	9,221	1,427	1,142
Post tax AOCI	$ 20,504	$ 28,282	$ 2,270	$ 1,816

The accumulated benefit obligation for all defined benefit pension plans was $182.8 million and $174.0 million at December 31, 2009 and 2008, respectively.

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

	December 31,	
(in thousands)	2009	2008
Projected benefit obligation	$ 191,785	$ 183,565
Accumulated benefit obligation	182,594	173,747
Fair value of plan assets	88,674	75,753

Components of net periodic benefit cost:

(in thousands)	Pension Benefits 2009	Pension Benefits 2008	Pension Benefits 2007	Other Postretirement Benefits 2009	Other Postretirement Benefits 2008	Other Postretirement Benefits 2007
Service cost	$ 8,375	$ 6,980	$ 6,796	$ 50	$ 50	$ 42
Interest cost	8,003	7,910	7,094	676	635	573
Expected return on assets	(3,991)	(4,458)	(4,115)	-	-	-
Amortization of actuarial losses	240	240	217	-	-	-
Amortization of prior service	138	141	148	-	-	(386)
Amortization of net loss	1,652	155	1,224	281	168	229
Settlement gains	(1,148)	(2,259)	-	-	-	-
Net periodic benefit cost	$ 13,269	$ 8,709	$ 11,364	$ 1,007	$ 853	$ 458

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

(in thousands)	Pension Benefits 2009	Pension Benefits 2008	Pension Benefits 2007	Other Postretirement Benefits 2009	Other Postretirement Benefits 2008	Other Postretirement Benefits 2007
Net actuarial (gain) loss	$ (7,994)	$ 26,214	$ (19,487)	$ 1,020	$ 670	$ 466
Net prior service (credit)	(37)	(3)	(113)	-	-	-
Net transition obligation	1	32	(9)	-	-	-
Amortization	(2,030)	(536)	(1,589)	(281)	(168)	156
Total recognized in AOCI	$ (10,060)	$ 25,707	$ (21,198)	$ 739	$ 502	$ 622
Total recognized in net periodic benefit cost and AOCI	$ 3,209	$ 34,416	$ (9,834)	$ 1,746	$ 1,355	$ 1,080

The estimated net loss, prior service cost and transition obligation for the defined benefit plans that will be amortized from AOCI into net periodic benefit cost over the next fiscal year are $1.2 million. The estimated net loss and prior service credit for the other postretirement plans that will be amortized from AOCI into net periodic benefit cost over the next fiscal year is $0.3 million.

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

	Pension Benefits 2009	Pension Benefits 2008	Pension Benefits 2007	Other Postretirement Benefits 2009	Other Postretirement Benefits 2008	Other Postretirement Benefits 2007
Discount rate	4.7%	4.5%	5.0%	5.5%	6.3%	6.3%
Rate of compensation increase	2.7%	2.7%	2.8%	n/a	n/a	n/a
Health care cost trend	n/a	n/a	n/a	8.5%	9.0%	9.0%
Ultimate health care cost trend	n/a	n/a	n/a	5.0%	5.0%	5.0%
Years until ultimate trend is reached	n/a	n/a	n/a	8.0	9.0	9.0

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

	Pension Benefits			Other Postretirement Benefits		
	2009	2008	2007	2009	2008	2007
Discount rate	4.5%	5.0%	4.1%	6.3%	6.3%	5.8%
Expected return on plan assets	5.2%	5.4%	5.3%	n/a	n/a	n/a
Rate of compensation increase	2.7%	2.8%	2.7%	n/a	n/a	n/a
Health care cost trend	n/a	n/a	n/a	8.5%	9.0%	9.0%
Ultimate health care cost trend	n/a	n/a	n/a	5.0%	5.0%	5.0%
Years until ultimate trend is reached	n/a	n/a	n/a	8.0	9.0	9.0
Measurement Date	12/31/2009	12/31/2008	12/31/2007	12/31/2009	12/31/2008	12/31/2007

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, 2009:

(in thousands)	Other Postretirement Benefits 1% Increase	Other Postretirement Benefits 1% Decrease
Effect on total of service and interest cost components	$ 60	$ (51)
Effect on postretirement benefit obligation	948	(818)

Fair Value Measurements of Plan Assets

The fair value of the Company's pension plan assets at December 31, 2009 are presented in the table below by asset category. Over 80% of the total plan assets are categorized as Level 1, and therefore, the values assigned to these pension assets are based on quoted prices available in active markets. For the other category levels, a description of the valuation is provided in Note 1, Significant Accounting Policies, under the “fair value measurement” heading.

	December 31, 2009			
(in thousands)	Total	Level 1	Level 2	Level 3
Assets Category				
Cash & equivalents	$ 3,180	$ 3,038	$ 142	$ -
Equity securities:				
U. S.	954	954	-	-
International	27,907	27,907	-	-
Fixed income securities:				
Fixed rate bonds (a)	35,350	35,350	-	-
Other types of investments:				
Mutual funds (b)	7,872	-	7,872	-
Common trusts (c)	1,932	90	-	1,842
Insurance contracts	4,567	-	2,825	1,742
Hedge funds	1,672	-	-	1,672
Real estate	5,432	5,107	-	325
Total	$ 88,866	$ 72,446	$ 10,839	$ 5,581

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

The following tables provide a reconciliation from December 31, 2008 to December 31, 2009 for the plans assets categorized as Level 3. No assets were transferred in or out of the Level 3 category during the year ended December 31, 2009.

	Changes within Level 3 Category for Year Ended December 31, 2009				
(in thousands)	Common Trust	Insurance Contracts	Hedge Funds	Real Estate	Total
Beginning balance at December 31, 2008	$ 1,233	$ 1,578	$ 1,002	$ 314	$ 4,127
Actual return on plan assets:					
Relating to assets still held at the reporting date	239	31	(224)	-	46
Relating to assets sold during the period	16	-	-	-	16
Purchases, sales and settlements	354	89	832	-	1,275
Effects of exchange rate changes	-	44	62	11	117
Ending balance at December 31, 2009	$ 1,842	$ 1,742	$ 1,672	$ 325	$ 5,581

Cash Flows

In 2010, the Company expects to contribute $8.0 million to its defined benefit pension plans and $1.1 million to its postretirement medical plans.

Estimated Future Benefit Payments

(in thousands)	Pension Benefits	Other Post Retirement Benefits
2010	$ 7,512	$ 1,107
2011	7,825	1,138
2012	8,161	1,159
2013	9,287	1,100
2014	9,778	1,068
2015-2018	57,806	4,423

NOTE 14 – RESTRUCTURING, IMPAIRMENTS AND OTHER COSTS

Restructuring Costs

Restructuring costs of $5.9 million for 2009 are reflected in Restructuring, impairments and other costs in the statement of operations and the associated liabilities are recorded in accrued liabilities and other non-current liabilities in the consolidated balance sheet. These costs consist of employee severance benefits, payments due under operating contracts, and other restructuring costs.

During 2009, the Company initiated several restructuring plans primarily related to the closure and/or consolidation of certain production and selling facilities in the United States, Europe and South America to better leverage the Company's resources by reducing costs and obtaining operational efficiencies. Additionally, the Company executed targeted reductions in workforce both in the manufacturing and non-manufacturing business functions in certain locations.

During 2008, the Company initiated several restructuring plans primarily related to the integration, reorganization, and closure or consolidation of certain production and selling facilities in order to better leverage the Company's resources by minimizing costs and obtaining operational efficiencies.

As of December 31, 2009, the Company's restructuring accruals were as follows:

	Severances			
(in thousands)	2007 and Prior Plans	2008 Plans	2009 Plans	Total
Balance, December 31, 2008	$ 664	$ 2,806	$ -	$ 3,470
Provisions and adjustments	(185)	3,165	4,389	7,369
Amounts applied	(46)	(1,102)	(1,133)	(2,281)
Balance, December 31, 2009	$ 433	$ 4,869	$ 3,256	$ 8,558

	Lease/contract terminations	
(in thousands)	2007 and Prior Plans	Total
Balance, December 31, 2008	$ 1,271	$ 1,271
Provisions and adjustments	50	50
Amounts applied	(196)	(196)
Balance, December 31, 2009	$ 1,125	$ 1,125

	Other restructuring costs			
(in thousands)	2007 and Prior Plans	2008 Plans	2009 Plans	Total
Balance, December 31, 2008	$ 108	$ 56	$ -	$ 164
Provisions and adjustments	137	568	(2,190)	(1,485)
Amounts applied	(133)	(624)	2,190	1,433
Balance, December 31, 2009	$ 112	$ -	$ -	$ 112

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

(in thousands)	December 31, 2008	Provisions and adjustments	Amounts applied	December 31, 2009
U.S., Germany and Certain Other European Regions Consumable Businesses	$ 1,286	$ 338	$ (346)	$ 1,278
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	190	285	(391)	84
Canada/Latin America/Endodontics/ Orthodontics	178	924	(463)	639
Dental Laboratory Business/ Implants/Non-Dental	3,251	4,147	396	7,794
All Other (a)	-	240	(240)	-
Total Balance	$ 4,905	$ 5,934	$ (1,044)	$ 9,795

(a) Includes amounts recorded at Corporate headquarters.

Other Costs

In 2009, the Company recorded certain other costs of $0.9 million related to legal matters and an impairment of an intangible asset.

Other costs of $26.5 million for 2008 included costs primarily related to settlements of legal matters and impairment of long-term assets. The legal settlements related to several legal matters with multiple plaintiffs. These cases included a patent dispute and cases relating to a prior distribution practice of the Company in connection with the sale of artificial teeth. The impairment charges were related to abandonment of patented technology purchased in 2005 and the impairment of a long-term note receivable recorded from a sale of a business in 2006. The impairment of the long-term note receivable occurred as the result of a change in payment terms on the non-interest bearing note receivable.

NOTE 15 – FINANCIAL INSTRUMENTS AND DERIVATIVES

Derivative Instruments and Hedging Activities

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

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

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

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

Cash Flow Hedges

The Company uses interest rate swaps to convert a portion of its variable interest rate debt to fixed interest rate debt. As of December 31, 2009, the Company has three groups of significant variable interest rate to fixed rate interest rate swaps. One of the groups of swaps has notional amounts totaling 12.6 billion Japanese yen, and effectively converts the underlying variable interest rates to an average fixed interest rate of 1.6% for a term of ten years, ending in September 2012. Another swap has a notional amount of 65.0 million Swiss francs, and effectively converts the underlying variable interest rates to a fixed interest rate of 4.2% for a term of seven years, ending in September 2012. A third group of swaps has a notional amount of $150.0 million, and effectively converts the underlying variable interest rates to a fixed interest rate of 3.9% for a term of two years, ending March 2010. The Company enters into interest rate swap contracts infrequently as they are only used to manage interest rate risk on long-term debt instruments and not for speculative purposes.

The Company selectively enters into commodity swaps to effectively fix certain variable raw material costs. At December 31, 2009, the Company had swaps in place to purchase 540 troy ounces of platinum bullion for use in the production of its impression material products. The average fixed rate of this agreement is $1,156 per troy ounce. In addition, the Company had swaps in place to purchase 57,372 troy ounces of silver bullion for use in the production of its amalgam products at an average fixed rate of $15 per troy ounce.

The Company enters into forward exchange contracts to hedge the foreign currency exposure of its anticipated purchases of certain inventory. In addition, exchange contracts are used by certain of the Company's subsidiaries to hedge intercompany inventory purchases, which are denominated in non-local currencies. The forward contracts that are used in these programs typically mature in twelve months or less. For these derivatives which qualify as hedges of future anticipated cash flows, the effective portion of changes in fair value is temporarily deferred in AOCI and then recognized in earnings when the hedged item affects earnings.

Hedges of Net Investments in Foreign Operations

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

In the first quarter of 2005, the Company entered into cross currency interest rate swaps with a notional principal value of Swiss francs 457.5 million paying three month Swiss franc London Inter-Bank Offered Rate ("LIBOR") and receiving three month U.S. dollar LIBOR on $384.4 million. In the first quarter of 2006, the Company entered into additional cross currency interest rate swaps with a notional principal value of Swiss francs 55.5 million paying three month Swiss franc LIBOR and receiving three month U.S. dollar LIBOR on $42.0 million. In the fourth quarter of 2006, the Company entered into additional cross currency interest rate swaps with a notional principal value of Swiss francs 80.4 million paying three month Swiss franc LIBOR and receiving three month U.S. dollar LIBOR on $64.4 million. In the first quarter of 2007, the Company entered into additional cross currency interest rate swaps with a notional principal value of Swiss francs 56.6 million paying three month Swiss franc LIBOR and receiving three month U.S. dollar LIBOR on $46.3 million. Additionally, in the fourth quarter of 2005, the Company entered into cross currency interest rate swaps with a notional principal value of Euro 358.0 million paying three month Euro LIBOR and receiving three month U.S. dollar LIBOR on $419.7 million. In the first quarter of 2009, the Company terminated Swiss francs 57.5 million cross currency swap at a fair value of zero. In the second and third quarters of 2009, the Company amended certain of its Swiss franc and Euro cross currency interest rate swaps to extend their maturity dates for an additional three years. Specifically, a total of Swiss francs 300.0 million have been extended to March and April of 2013 and a total of Euro 250.0 million have been extended to December 2013. The Swiss franc and Euro cross currency interest rate swaps are designated as net investment hedges of the Swiss and Euro denominated net assets. The interest rate differential is recognized in the earnings as interest income or interest expense as it is accrued, the foreign currency revaluation is recorded in AOCI, net of tax effects.

The fair value of these cross currency interest rate swap agreements is the estimated amount the Company would either pay or receive at the reporting date, taking into account the effective interest rates and foreign exchange rates. As of December 31, 2009 and December 31, 2008, the estimated net fair values of the swap agreements were negative $176.6 million and negative $148.9 million, respectively, which are recorded in AOCI, net of tax effects, and as other noncurrent liabilities and other noncurrent assets.

At December 31, 2009 and December 31, 2008, the Company had Euro-denominated, Swiss franc-denominated, and Japanese yen-denominated debt and cross currency interest rate swaps (at the parent company level) to hedge the currency exposure related to a designated portion of the net assets of its European, Swiss and Japanese subsidiaries. At December 31, 2009 and 2008, the accumulated translation gains on investments in foreign subsidiaries, primarily denominated in Euros, Swiss francs and Japanese yen, net of these net investment hedges, were $111.1 million and $77.6 million, respectively, which are included in AOCI, net of tax effects.

The following tables summarize the fair value of the Company's derivatives at December 31, 2009.

	Notional Amounts		Fair Value (Liability) Asset
Foreign Exchange Forward Contracts	2009	2010	2009
(in thousands)			
Forward sale, 13.3 million Australian dollars	$ 11,268	$ 635	$ (316)
Forward purchase, 6.2 million British pounds	(9,728)	(298)	226
Forward sale, 16.4 million Canadian dollars	15,117	560	(927)
Forward purchase, 7.0 million Swiss francs	(6,804)	-	(15)
Forward sale, 7.5 million Danish Krone	1,454	-	13
Forward purchase, 0.01 million Euros	(18)	-	13
Forward sale, 83.3 million Japanese yen	895	-	628
Forward sale, 96.7 million Mexican Pesos	7,390	-	94
Forward sale, 1.2 billion South Korean won	999	-	10
Forward sale, 6.5 million Taiwanese dollars	202	-	(2)
Total foreign exchange forward contracts	$ 20,775	$ 897	$ (276)

Interest Rate Swaps	Notional Amount 2010	2011	2012	2013	2014 and Beyond	Fair Value Liability 2009
(in thousands)						
Euro	$ 2,056	$ 1,354	$ 1,354	$ 1,354	$ 4,400	$ (882)
Japanese yen	-	-	134,776	-	-	(3,351)
Swiss francs	-	-	62,844	-	-	(4,470)
U.S. dollars	150,000	-	-	-	-	(1,084)
Total interest rate swaps	$ 152,056	$ 1,354	$ 198,974	$ 1,354	$ 4,400	$ (9,787)

Cross Currency Basis Swaps	Notional Amount 2010	2011	2012	2013	2014 and Beyond	Fair Value Liability 2009
(in thousands)						
Swiss franc 592.5 million @ $1.21 pay CHF 3mo. LIBOR rec. USD 3mo. LIBOR	$ 150,343	$ 77,734	$ 54,723	$ 290,051	$ -	$ (83,979)
Euros 358.0 million @ $1.17 pay EUR 3mo. LIBOR rec. USD 3mo. LIBOR	154,827	-	-	358,395	-	(92,642)
Total cross currency basis swaps	$ 305,170	$ 77,734	$ 54,723	$ 648,446	$ -	$ (176,621)

Commodity Contracts	Notional Amount 2010	2011	2012	2013	2014 and Beyond	Fair Value Asset 2009
(in thousands)						
Silver swap - U.S. dollar	$ (977)	$ -	$ -	$ -	$ -	$ 129
Platinum swap - U.S. dollar	(790)	-	-	-	-	164
Total commodity contracts	$ (1,767)	$ -	$ -	$ -	$ -	$ 293

As of December 31, 2009, $4.8 million of deferred net losses on derivative instruments recorded in AOCI are expected to be reclassified to current earnings during the next twelve months. This reclassification is primarily due to the sale of inventory that includes previously hedged purchases and interest rate swaps. The maximum term over which the Company is hedging exposures to variability of cash flows (for all forecasted transactions, excluding interest payments on variable interest rate debt) is eighteen months. Overall, the derivatives designated as cash flow hedges are highly effective. Any cash flows associated with these instruments are included in cash provided by operating activities in the Consolidated Statements of Cash Flows in accordance with the Company's policy of classifying the cash flows from these instruments in the same category as the cash flows from the items being hedged.

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

Asset Derivatives Designated as Hedging Instruments	Consolidated Balance Sheets Classification	December 31, 2009
(in thousands)		
Foreign exchange contracts	Other current assets (a)	$ 598
Foreign exchange contracts	Other noncurrent assets, net	5
Commodity contracts	Other current assets (a)	293
Total asset derivatives designated as hedging instruments		$ 896
Asset Derivatives Not Designated as Hedging Instruments		
Foreign exchange contracts	Other current assets (a)	$ 556
Total asset derivatives		$ 1,452

(a) Reported on the Consolidated Balance Sheets within "Prepaid expenses and other current assets."

Liability Derivatives Designated as Hedging Instruments	Consolidated Balance Sheets Classification	December 31, 2009
(in thousands)		
Interest rate contracts	Accrued liabilities	$ 6,130
Interest rate contracts	Other noncurrent liabilities	2,775
Foreign exchange contracts	Accrued liabilities	1,010
Foreign exchange contracts	Other noncurrent liabilities	16
Cross currency interest rate swaps	Accrued liabilities	52,411
Cross currency interest rate swaps	Other noncurrent liabilities	124,210
Total liability derivatives designated as hedging instruments		$ 186,552

Liability Derivatives Not Designated as Hedging Instruments	Consolidated Balance Sheets Classification	December 31, 2009
Interest rate contracts	Other noncurrent liabilities	$ 882
Foreign exchange contracts	Accrued liabilities	409
Total liability derivatives not designated as hedging instruments		$ 1,291
Total liability derivatives		$ 187,843

The following table summarizes the statement of operations impact of the Company's cash flow hedges for the year ended December 31, 2009:

Derivatives in Cash Flow Hedging Relationships (in thousands)	Gain (Loss) in AOCI (a)	Consolidated Statements of Operations Classification	Gain (Loss) Reclassified from AOCI into Earnings (b)
Interest rate contracts	$ (4,186)	Interest expense	$ (8,035)
Foreign exchange contracts	(999)	Cost of products sold	905
Foreign exchange contracts	660	SG&A expenses	459
Commodity contracts	1,655	Cost of products sold	(1,149)
Total	$ (2,870)		$ (7,820)

Derivatives in Cash Flow Hedging Relationships (in thousands)	Consolidated Statements of Operations Classification	Loss Recognized in Earnings (c)
Interest rate contracts	Other expense, net	$ (168)
Foreign exchange contracts	Interest expense	(330)
Foreign exchange contracts	Interest expense	(40)
Commodity contracts	Interest expense	(48)
Total		$ (586)

The following table summarizes the statement of operations impact of the Company's hedges of net investments for the year ended December 31, 2009:

Derivatives in Net Investment Hedging Relationships (in thousands)	Loss in AOCI (a)	Consolidated Statements of Operations Classification	Gain (Loss) Recognized in Earnings (b)
Cross currency interest rate swaps	$ (13,877)	Interest Income	$ 1,420
		Interest Expense	(85)
Cross currency interest rate swaps	(13,868)	Interest Expense	(4,098)
Total	$ (27,745)		$ (2,763)

(a) Amount of (loss) reported in AOCI, effective portion.
(b) Amount of gain or (loss) reclassed from AOCI into earnings, effective portion.
(c) Amount of (loss) recognized in earnings, ineffective portion and amount excluded from effectiveness testing.

The following tables summarize the statement of operations impact of the Company's hedges not designated as hedging for the year ended December 31, 2009:

Derivatives Not Designated as Hedging Instruments under Hedging Relationships (in thousands)	Consolidated Statements of Operations Classification	Loss Recognized in Earnings (a)
Foreign exchange contracts	Other expense, net	$ (14,984)
Interest rate contracts	Other expense, net	(2)
Interest rate contracts	Interest Expense	(514)
		$ (15,500)

(a) Amount of loss recognized in income, ineffective portion and amount excluded from effectiveness testing.

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

(in thousands, net of tax)	December 31, 2009	2008
Beginning balance	$ (7,874)	$ (1,573)
Changes in fair value of derivatives	(1,627)	(5,721)
Reclassifications to earnings from equity	4,702	(580)
Total activity	3,075	(6,301)
Ending balance	$ (4,799)	$ (7,874)

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

(in thousands, net of tax)	December 31, 2009	2008
Beginning balance	$ 77,584	$ 156,790
Foreign currency translation adjustment	49,685	(52,983)
Changes in fair value of:		
foreign currency debt	881	(18,538)
derivative hedge instruments	(17,035)	(7,685)
Total activity	33,531	(79,206)
Ending balance	$ 111,115	$ 77,584

NOTE 16 – FAIR VALUE MEASUREMENT

The Company records financial instruments at fair value with unrealized gains and losses related to certain financial instruments reflected in AOCI on the Consolidated Balance Sheets. In addition, the Company recognizes certain liabilities at fair value.

The 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 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 and carrying value of its total long term debt, including current portion of long-term debt, was $453.7 million and $427.7 million as of December 31, 2009 and 2008, respectively. The fair value of the Company's long-term debt equaled its carrying value as the Company's debt is variable rate and reflects current market rates. The interest rates on private placement notes, revolving debt and commercial paper are variable and therefore the fair value of these instruments approximates their carrying values.

The following tables set forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2009 and December 31, 2008, which are classified as "Cash and cash equivalents," "Prepaid expenses and other current assets," "Other noncurrent assets, net," "Accrued liabilities," and "Other noncurrent liabilities." Financial assets and liabilities that are recorded at fair value as of the balance sheet date are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	December 31, 2009			
(in thousands)	Total	Level 1	Level 2	Level 3
Assets				
Money market funds	$ 450,348	$ 450,348	$ -	$ -
Commodity forward purchase contracts	293	-	293	-
Foreign exchange forward contracts	1,159	-	1,159	-
Total assets	$ 451,800	$ 450,348	$ 1,452	$ -
Liabilities				
Interest rate swaps	$ 9,787	$ -	$ 9,787	$ -
Cross currency interest rate swaps	176,621	-	176,621	-
Foreign exchange forward contracts	1,435	-	1,435	-
Total liabilities	$ 187,843	$ -	$ 187,843	$ -

	December 31, 2008			
(in thousands)	Total	Level 1	Level 2	Level 3
Assets				
Money market funds	$ 203,991	$ 203,991	$ -	$ -
Interest rate swaps	2	-	2	-
Foreign exchange forward contracts	2,053	-	2,053	-
Total assets	$ 206,046	$ 203,991	$ 2,055	$ -
Liabilities				
Interest rate swaps	$ 12,529	$ -	$ 12,529	$ -
Commodity forward purchase contracts	1,931	-	1,931	-
Cross currency interest rate swaps	148,935	-	148,935	-
Total liabilities	$ 163,395	$ -	$ 163,395	$ -

Derivative valuations are based on observable inputs to the valuation model including interest rates, foreign currency exchange rates, future commodities prices and credit risks.

The commodity forward purchase contracts, interest rate swaps and foreign exchange forward contracts are considered cash flow hedges and cross currency interest rate swaps are considered hedge of net investments in foreign operations as discussed in Note 15, Financial Instruments and Derivatives.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Leases

The Company leases automobiles and machinery and equipment and certain office, warehouse and manufacturing facilities under non-cancellable 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 $32.2 million for 2009, $29.5 million for 2008 and $27.4 million for 2007.

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

(in thousands)

2010	$ 26,688
2011	18,207
2012	12,814
2013	7,289
2014	4,799
2015 and thereafter	12,423
	$ 82,220

Litigation

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 violated the antitrust laws and seeking an order for the Company to discontinue its practices. This case has been concluded and the District Court, upon the direction of the Court of Appeals, issued an injunction in May 2006, preventing DENTSPLY from taking action to restrict its tooth dealers in the U.S. from adding new competitive teeth lines.

Subsequent to the filing of the Department of Justice Complaint in 1999, a private party putative class action was filed based on allegations similar to those in the Department of Justice case, on behalf of dental laboratories who purchased Trubyte® teeth or products containing Trubyte® teeth. The District Court granted the Company's Motion on the lack of standing of the laboratory class action to pursue damage claims. The Plaintiffs appealed this decision to the Third Circuit and the Court largely upheld the decision of the District Court in dismissing the Plaintiffs' damages claims against DENTSPLY, with the exception of allowing the Plaintiffs to pursue a damage claim based on a theory of resale price maintenance between the Company and its tooth dealers. The Plaintiffs then filed an amended complaint in the District Court asserting that DENTSPLY and its tooth dealers, and the dealers among themselves, engaged in a conspiracy to violate the antitrust laws. The District Court has granted the Motions filed by DENTSPLY and the dealers, to dismiss Plaintiffs' claims, except for the resale price maintenance claims. The Plaintiffs have appealed the dismissal of these claims to the Third Circuit. The Third Circuit held oral arguments in January 2010 and we are awaiting a decision. Also pending is a case filed by a manufacturer of a competitive tooth line seeking damages alleged to have been incurred as a result of the Company's tooth distribution practices, including the practice found to be a violation of the antitrust law. This case is currently scheduled for trial in May 2010 and the Plaintiffs have submitted their expert's report, which claims single damages in the range of $1.6 million to $4.2 million.

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

On December 12, 2006, a Complaint was filed by Carole Hildebrand, DDS and Robert Jaffin, DDS in the Eastern District of Pennsylvania (the Plaintiffs subsequently added Dr. Mitchell Goldman as a named class representative). The case was filed by the same law firm that filed the Weinstat case in California. The Complaint asserts putative class action claims on behalf of dentists located in New Jersey and Pennsylvania. The Complaint seeks damages and asserts that the Company's Cavitron® ultrasonic scaler was negligently designed and sold in breach of contract and warranty arising from misrepresentations about the potential uses of the product because it cannot assure the delivery of potable or sterile water. Plaintiffs have filed their Motion for class certification to which the Company has filed its response. The Company also filed other motions, including a Motion to dismiss the claims of Drs. Hildebrand and Jaffin for lack of standing, which Motion was recently granted by the Court.

As of December 31, 2009, a reasonable estimate of a range of loss related to the current litigation noted above cannot be made.

On November 21, 2008, Guidance Endodontics LLC filed a complaint in the U.S. District Court of New Mexico asserting claims against DENTSPLY arising principally out of a breach of a manufacturing and supply contract between the parties. Prior to trial, Guidance had claimed its damages were $1.2 million. The case went to trial in late September and early October 2009. On October 9, 2009, a jury returned a verdict against DENTSPLY, in the amount of approximately $4.0 million for compensatory and $40.0 million in punitive damages. The Company believes that this decision is not supported by the facts in the case or the applicable law and intends to vigorously pursue all available options to challenge it. The Company has filed separate motions to overturn the punitive damages verdict and the future damages verdict, or in the alternative to be granted a new trial, because of the inappropriateness of such verdicts. The Company plans to file additional motions. DENTSPLY does not believe the outcome of this matter will have a material adverse effect on its financial position.

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 $12.6 million at December 31, 2009.

NOTE 18 – SUBSEQUENT EVENT

According to the terms of the Private Placement Note Purchase Agreement entered into on October 16, 2009 and further discussed in Note 10, Financing Arrangements, the Company received $250.0 million aggregate principal on February 19, 2010. The net proceeds after deducting fees and expenses of the loan are $250.0 million. The proceeds will be used to refinance the $150.0 million U.S. Private Placement Note and other short term obligations.

NOTE 19 - QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

DENTSPLY INTERNATIONAL INC
Quarterly Financial Information (Unaudited)
(in thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Rounding	Total Year
2009						
Net sales	$ 506,949	$ 553,216	$ 531,032	$ 568,719	$ -	$ 2,159,916
Gross profit	266,969	286,971	272,981	284,383	-	1,111,304
Operating income	86,171	98,708	92,930	103,378	-	381,187
Net income attributable to DENTSPLY International	61,743	70,199	67,483	74,834	(1)	274,258
Earnings per common share - basic	$ 0.42	$ 0.47	$ 0.45	$ 0.51	$ -	$ 1.85
Earnings per common share - diluted	$ 0.41	$ 0.47	$ 0.45	$ 0.50	$ -	$ 1.83
Cash dividends declared per common share	$ 0.050	$ 0.050	$ 0.050	$ 0.050	$ -	$ 0.200
2008						
Net sales	$ 560,782	$ 594,847	$ 529,953	$ 508,141	$ -	$ 2,193,723
Gross profit	285,243	315,486	280,183	271,032	-	1,151,944
Operating income	101,037	113,161	80,915	85,310	(2)	380,421
Net income attributable to DENTSPLY International	68,180	78,648	66,047	70,995	(1)	283,869
Earnings per common share - basic	$ 0.45	$ 0.53	$ 0.44	$ 0.48	$ -	$ 1.90
Earnings per common share - diluted	$ 0.45	$ 0.52	$ 0.44	$ 0.47	$ (0.01)	$ 1.87
Cash dividends declared per common share	$ 0.045	$ 0.045	$ 0.045	$ 0.050	$ -	$ 0.185

Net sales, excluding precious metal content, were $465.6 million, $511.9 million, $493.6 million and $520.1 million, respectively, for the first, second, third and fourth quarters of 2009. Net sales, excluding precious metal content, were $496.2 million, $542.3 million, $488.1 million and $467.2 million, respectively, for the first, second, third and fourth quarters of 2008. This measurement should be considered a non-US GAAP measure as discussed further in Management's Discussion and Analysis of Financial Condition and Results of Operations.

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 Price	Cash Dividend Declared
	High	Low		
2009				
First Quarter	$ 29.19	$ 21.80	$ 26.85	$ 0.050
Second Quarter	30.99	25.20	30.57	0.050
Third Quarter	36.08	27.79	34.54	0.050
Fourth Quarter	36.80	32.30	35.17	0.050
2008				
First Quarter	$ 47.06	$ 36.07	$ 38.60	$ 0.045
Second Quarter	42.58	35.21	36.80	0.045
Third Quarter	42.05	36.21	37.54	0.045
Fourth Quarter	39.22	22.85	28.24	0.050
2007				
First Quarter	$ 33.35	$ 29.44	$ 32.75	$ 0.040
Second Quarter	38.73	32.50	38.26	0.040
Third Quarter	41.90	35.32	41.64	0.040
Fourth Quarter	47.84	40.06	45.02	0.045

The Company estimates, based on information supplied by its transfer agent, that there are 442 holders of record of the Company's common stock. Approximately 92,300 holders of the Company's common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DENTSPLY
INTERNATIONAL INC.

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

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

/s/	Bret W. Wise Bret W. Wise Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 22, 2010 Date
/s/	William R. Jellison William R. Jellison Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 22, 2010 Date
/s/	John C. Miles II John C. Miles II Director	February 22, 2010 Date
/s/	Dr. Michael C. Alfano Dr. Michael C. Alfano Director	February 22, 2010 Date
/s/	Eric K. Brandt Eric K. Brandt Director	February 22, 2010 Date
/s/	Paula H. Cholmondeley Paula H. Cholmondeley Director	February 22, 2010 Date
/s/	Michael J. Coleman Michael J. Coleman Director	February 22, 2010 Date

/s/	William F. Hecht		February 22, 2010
	William F. Hecht		Date
	Director		
/s/	Leslie A. Jones		February 22, 2010
	Leslie A. Jones		Date
	Director		
/s/	Wendy L. Dixon		February 22, 2010
	Wendy L. Dixon		Date
	Director		
/s/	Francis J. Lunger		February 22, 2010
	Francis J. Lunger		Date
	Director		
/s/	W. Keith Smith		February 22, 2010
	W. Keith Smith		Date
	Director		

DENTSPLY INTERNATIONAL INC

$250,000,000 4.11% Senior Notes

NOTE PURCHASE AGREEMENT

DATED AS OF OCTOBER 16, 2009

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Dentsply International Inc.
221 West Philadelphia Street
York, Pennsylvania 17405-0872

$250,000,000 4.11% Senior Notes

Dated as of

October 16, 2009

To the Purchasers listed in
the attached Schedule A:

Ladies and Gentlemen:

Dentsply International Inc., a Delaware corporation (the *"Company"*), agrees with the Purchasers listed in the attached Schedule A (the *"Purchasers"*) to this Note Purchase Agreement as follows:

1. AUTHORIZATION OF NOTES.

1.1. Description of Notes.

The Company will authorize the issue and sale of $250,000,000 aggregate principal amount of its 4.11% Senior Notes due on the sixth anniversary of the Closing Date (the *"Notes"*, such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement). The Notes shall be substantially in the form set out in Exhibit 1, with such changes therefrom, if any, as may be approved by the Purchasers and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

1.2. Interest Rate Increase.

If, during a Transition Period, the Consolidated Debt to Consolidated EBITDA ratio exceeds 3.50 to 1.00, as evidenced by an Officer's Certificate delivered pursuant to Section 7.2(a), the interest rate otherwise applicable to the Notes shall be increased by 0.25% per annum, commencing on the first day of the first fiscal quarter following the fiscal quarter in respect of which such Officer's Certificate was delivered and continuing until the Company has provided an Officer's Certificate pursuant to Section 7.2(a) demonstrating that, as of the end of the fiscal quarter in respect of which such Certificate is delivered, the Consolidated Debt to Consolidated EBITDA ratio is not more than 3.50 to 1.00. Following delivery of an Officer's Certificate demonstrating that the Consolidated Debt to Consolidated EBITDA ratio did not exceed 3.50 to 1.00, the additional 0.25% per annum interest shall cease to accrue or be payable for any fiscal quarter subsequent to the fiscal quarter in respect of which such Officer's Certificate is delivered (subject to the occurrence of another Transition Period to which the first sentence of this Section 1.2(b) would apply).

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, the Notes in the principal amount specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The obligations of each Purchaser hereunder are several and not joint obligations and each Purchaser shall have no obligation and no liability to any Person for the performance or nonperformance by any other Purchaser hereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Bingham McCutchen LLP, One State Street, Hartford, Connecticut 06103 at 10:00 a.m. Eastern time, at a closing (the "*Closing*") on February 19, 2010 or such earlier date as may be agreed upon by the Company and the Purchasers. On the Closing Date, the Company will deliver to each Purchaser the Notes to be purchased by such Purchaser in the form of a single Note (or such greater number of Notes in denominations of at least $100,000 as such Purchaser may request) dated the date of the Closing Date and registered in such Purchaser's name (or in the name of such Purchaser's nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to Account Number 324-019-637, at Chase Manhattan Bank, New York, New York, ABA Number 021000021, in the Account Name of "Dentsply International Inc." If, on the Closing Date, the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to any Purchaser's satisfaction, such Purchaser shall, at such Purchaser's election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions applicable to the Closing Date:

4.1. *Representations and Warranties*.

The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

4.2. *Performance; No Default.*

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by the Company prior to or at the Closing, and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14), no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since June 30, 2009 that would have been prohibited by Section 10 hereof had such Sections applied since such date.

Compliance Certificates.

(a) *Officer's Certificate of the Company.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the Closing Date, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) *Secretary's Certificate of the Company.* The Company shall have delivered to such Purchaser a certificate, dated the Closing Date, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and this Agreement.

4.3. *Opinions of Counsel*.

Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the Closing Date (a) from Brian Addison, Esq., General Counsel of the Company, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Bingham McCutchen LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

4.4. *Purchase Permitted By Applicable Law, Etc*.

On the date of the Closing, such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

4.5. *Sale of Other Notes*.

Contemporaneously with the Closing the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at the Closing as specified in Schedule A.

4.6. *Payment of Special Counsel Fees*.

Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing Date, the reasonable fees, reasonable charges and reasonable disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing Date.

4.7. *Private Placement Number*.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

4.8. *Changes in Corporate Structure*.

The Company shall not have changed its jurisdiction of organization, been a party to any merger or consolidation, or shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Section 5.5.

4.9. *Funding Instructions*.

At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

4.10. *Proceedings and Documents*.

All corporate and other organizational proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

5.1. *Organization; Power and Authority*.

The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

5.2. *Authorization, Etc*.

This Agreement and the Notes to be issued on the Closing Date have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each such Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. ***Disclosure*****.**

The documents filed by the Company with the Securities and Exchange Commission (the *"Public Filings"*), including documents incorporated therein by reference, fairly describe, in all material respects, the general nature of the business and principal properties of the Company and its Restricted Subsidiaries. This Agreement, the Public Filings, the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements referred to in Section 5.5, in each case, delivered (or deemed to be delivered by reference to the Public Filings) to the Purchasers prior to August 21, 2009 (this Agreement, the Public Filings and such documents, certificates or other writings and such financial statements being referred to, collectively, as the *"Disclosure Documents"*), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since June 30, 2009, there has been no change in the financial condition, operations, business or properties of the Company or any of its Restricted Subsidiaries except changes that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that would reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents.

5.4. ***Organization and Ownership of Shares of Subsidiaries; Affiliates*****.**

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Restricted and Unrestricted Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and its Subsidiaries, (ii) of the Company's Affiliates, other than Subsidiaries, and (iii) of the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Material Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to, any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5. *Financial Statements; Material Liabilities*.

The Company has delivered to each Purchaser copies of the (quarterly and annual or, in the case of 2009, quarterly only) financial statements of the Company and its Subsidiaries contained in the Public Filings for the years 2004 through 2009, inclusive. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Public Filings and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

5.6. *Compliance with Laws, Other Instruments, Etc*.

The execution, delivery and performance by the Company of this Agreement and the Notes will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary, or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

5.7. *Governmental Authorizations, Etc*.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes.

5.8. *Litigation; Observance of Agreements, Statutes and Orders*.

(a) There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Restricted Subsidiary or any property of the Company or any Restricted Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Restricted Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws or the USA Patriot Act) of any Governmental Authority, which default or violation, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

5.9. *Taxes*.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that would reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of federal, state or other taxes for all fiscal periods are adequate. The federal income tax liabilities of the Company and its Subsidiaries have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended 2005.

5.10. *Title to Property; Leases*.

The Company and its Restricted Subsidiaries have good and sufficient title to their respective properties which the Company and its Restricted Subsidiaries own or purport to own, including all such properties reflected as owned in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Restricted Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement, except where the failure to have such title would not have a Material Adverse Effect. All Material leases are valid and subsisting and are in full force and effect in all material respects.

5.11. *Licenses, Permits, Etc*. Except as disclosed in Schedule 5.11,

(a) the Company and its Restricted Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, without known conflict with the rights of others, except to the extent that the failure to own or possess the same, or the existence of any such conflict, would not have a Material Adverse Effect;

(b) no product of the Company or any of its Restricted Subsidiaries infringes in any Material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person, except where any such infringement would not have a Material Adverse Effect; and

(c) there is no Material violation by any Person of any right of the Company or any of its Restricted Subsidiaries with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company or any of its Restricted Subsidiaries, except where any such violation would not have a Material Adverse Effect.

5.12. ***Compliance with ERISA*****.**

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and would not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that would reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 401(a)(29) or 412 of the Code or section 4068 of ERISA, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans) and all foreign employee benefit plans, determined as of the end of such Plan's (and such foreign employee benefit plans') most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plans (and such foreign employee benefit plans) allocable to such benefit liabilities by more than $107,799,000 in the aggregate for all Plans and all foreign employee benefit plans. The term *"benefit liabilities"* has the meaning specified in section 4001 of ERISA and the terms *"current value"* and *"present value"* have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred any withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected post-retirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax would be imposed pursuant to Section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of

(f) each Purchaser's representation in Section 6.3 as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

5.13. *Private Offering by the Company*.

Neither the Company nor anyone acting on the Company's behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than three (3) other Institutional Investors, each of which has been offered the Notes in connection with a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

5.14. *Use of Proceeds; Margin Regulations*.

The Company will apply the proceeds of the sale of the Notes for general corporate purposes of the Company. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5% of the value of such assets. As used in this Section, the terms *"margin stock"* and *"purpose of buying or carrying"* shall have the meanings assigned to them in said Regulation U.

5.15. *Existing Debt; Future Liens*.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Restricted Subsidiaries as of June 30, 2009, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Restricted Subsidiaries. Neither the Company nor any Restricted Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Restricted Subsidiary, and no event or condition exists with respect to any Debt of the Company or any Restricted Subsidiary, that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Restricted Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.3.

(c) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Debt of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Debt of the Company, except as specifically indicated in Schedule 5.15.

5.16. *Foreign Assets Control Regulations, Etc*.

(a) (a) Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(b) Neither the Company nor any Subsidiary is a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or, to the knowledge of the Company, engages in any dealings or transactions with any such Person. The Company and its Subsidiaries are in compliance, in all material respects, with the USA Patriot Act.

(c) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

5.17. *Status under Certain Statute*s.

Neither the Company nor any Restricted Subsidiary is an “investment company” registered or required to be registered under the Investment Company Act of 1940, as amended, or is subject to regulation under the Public Utility Holding Company Act of 2005, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

5.18. *Environmental Matters*.

(a) Neither the Company nor any Restricted Subsidiary has knowledge of any liability or has received any notice of any liability, and no proceeding has been instituted raising any liability against the Company or any of its Restricted Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them, or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Restricted Subsidiary has knowledge of any facts which would give rise to any liability, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in

(c) any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect.

(d) Neither the Company nor any of its Restricted Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them or has disposed of any Hazardous Materials in each case in a manner contrary to any Environmental Laws in each case in any manner that would reasonably be expected to result in a Material Adverse Effect.

(e) All buildings on all real properties now owned, leased or operated by the Company or any of its Restricted Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply would not reasonably be expected to result in a Material Adverse Effect.

5.19. *Notes Rank Pari Passu.*

The obligations of the Company under this Agreement and the Notes rank *pari passu* in right of payment with all other senior unsecured Debt (actual or contingent) of the Company, including, without limitation, all senior unsecured Debt of the Company described in Schedule 5.15 hereto.

6. REPRESENTATIONS OF THE PURCHASER.

6.1. *Purchase for Investment*.

Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by it or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or such pension or trust funds' property shall at all times be within such Purchaser's or such pension or trust funds' control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to and the Company has no intent to register the Notes.

6.2. *Accredited Investor*.

Each Purchaser represents that it is an "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act acting for its own account (and not for the account of others) or as a fiduciary or agent for others (which others are also "accredited investors"). Each Purchaser further represents that such Purchaser has had the opportunity to ask questions of the Company and received answers to its satisfaction concerning the terms and conditions of the sale of the Notes.

6.3. *Source of Funds*.

Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a *"Source"*) to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption (*"PTE"*) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the *"NAIC Annual Statement"*)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(a) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of PTE 84-14 (the "QPAM Exemption")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, as of the last day of its most recent calendar quarter, the QPAM does not own a 10% or more interest in the Company and no person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 20% or more interest in the Company (or less than 20% but greater than 10%, if such person exercises control over the management or policies of the Company by reason of its ownership interest) and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (d); or

(d) the Source constitutes assets of a "plan(s)" (within the meaning of Section IV of PTE 96-23 (the *"INHAM Exemption"*)) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV of the INHAM exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in

(e) Section IV(d) of the INHAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.3, the terms *"employee benefit plan," "governmental plan,"* and *"separate account"* shall have the respective meanings assigned to such terms in section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1. *Financial and Business Information*.

The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year),

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, *provided* that filing (and providing each holder of Notes written notice of such filing) with the Securities and Exchange Commission within the time period specified above the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) *Annual Statements* — within 105 days after the end of each fiscal year of the Company,

(c) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(i) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, *provided* that filing (and providing each holder of Notes written notice of such filing) with the Securities and Exchange Commission within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor shall be deemed to satisfy the requirements of this Section 7.1(b);

(d) *Unrestricted Subsidiaries* — In the event that one or more Unrestricted Subsidiaries shall either (i) own more than 10% of the total consolidated assets of the Company and its Subsidiaries, or (ii) account for more than 10% of the consolidated gross revenues of the Company and its Subsidiaries, determined in each case in accordance with GAAP, then, within the respective periods provided in Section 7.1(a) and (b) above, the Company shall deliver to each holder of Notes that is an Institutional Investor, unaudited financial statements of the character and for the dates and periods as in said Sections 7.1(a) and (b) covering such group of Unrestricted Subsidiaries (on a consolidated basis), together with a consolidating statement reflecting eliminations or adjustments required to reconcile the financial statements of such group of Unrestricted Subsidiaries to the financial statements delivered pursuant to Sections 7.1(a) and (b);

(e) *SEC and Other Reports* — except for filings referred to in Section 7.1(a) and (b) above, promptly upon their becoming available and, to the extent applicable, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(f) *Notice of Default or Event of Default* — promptly, and in any event within five Business Days after a Responsible Officer becomes aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or

(g) taken any action with respect to a claimed default of the type referred to in Section 11(g), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(h) *ERISA Matters* — promptly, and in any event within five Business Days after a Responsible Officer becomes aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in

Section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date thereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that would result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the imposition of a penalty or excise tax under the provisions of the Code relating to employee benefit plans, or the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect;

(i) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that would reasonably be expected to have a Material Adverse Effect; and

(j) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes and if provided by the Company, would not violate any applicable laws, regulations or rules.

7.2. *Officer's Certificate*.

At the time each set of financial statements is required to be delivered (or deemed to have been delivered) to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) hereof the Company shall deliver to each holder a certificate of a Senior Financial Officer setting forth:

Covenant Compliance — the information required in order to establish whether the Company was in compliance with the requirements of Section 10.1 through Section 10.6 and Section 10.9 hereof, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(a) *Event of Default* — a statement that such officer has reviewed the relevant terms hereof and such review shall not have disclosed the existence during the quarterly or annual period covered by the statements then being furnished of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3. *Visitation*.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Restricted Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

For the avoidance of doubt, it is understood that Section 20 applies to Confidential Information obtained in connection with the exercise by any holder of Notes of the rights set forth in this Section 7.3.

8. PAYMENT OF THE NOTES.

8.1. *Required Prepayments.*

On the following dates, the Company shall prepay the following principal amounts (or such lesser principal amounts as shall then be outstanding) of the Notes at par and without payment of the Make-Whole Amount or any premium, provided that upon any partial prepayment of the Notes pursuant to Section 8.2, the principal amount of each required prepayment of the Notes becoming due under this Section 8.1 on and after the date of such prepayment shall be reduced in the same proportion as the aggregate unpaid principal amount of the Notes is reduced as a result of such prepayment:

Fourth Anniversary of the Closing Date	$ 75,000,000
Fifth Anniversary of the Closing Date	$100,000,000

The entire remaining unpaid principal amount of the Notes shall become due and payable on the sixth anniversary of the Closing Date.

8.2. *Optional Prepayments with Make-Whole Amount.*

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 10% of the original aggregate principal amount of the Notes to be prepaid in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes to be prepaid a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

8.3. Prepayment of Notes Upon Change of Control.

(a) *Notice of Change of Control*. The Company will, within 5 Business Days after any Senior Financial Officer has knowledge of the occurrence of any Change of Control, give written notice of such Change of Control to each holder of Notes unless notice in respect of such Change of Control shall have been given pursuant to subparagraph (b) of this Section 8.3. If a Change of Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in subparagraph (c) of this Section 8.3 and shall be accompanied by the certificate described in subparagraph (g) of this Section 8.3.

(b) *Condition to Company Action*. The Company will not take any action that consummates or finalizes a Change of Control unless (i) at least 30 days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to prepay Notes as described in subparagraph (c) of this Section 8.3, accompanied by the certificate described in subparagraph (g) of this Section 8.3, and (ii) contemporaneously with such action, it prepays all Notes required to be prepaid in accordance with this Section 8.3.

(c) *Offer to Prepay Notes*. The offer to prepay Notes contemplated by subparagraphs (a) and (b) of this Section 8.3 shall be an offer to prepay, in accordance with and subject to this Section 8.3, all, but not less than all, the Notes held by each holder of Notes (in this case only, "holder of Notes" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the *"Proposed Prepayment Date"*). If such Proposed Prepayment Date is in connection with an offer contemplated by subparagraph (a) of this Section 8.3, such date shall be not less than thirty (30) days and not more than one hundred twenty (120) days after the date of such offer (if the Proposed Prepayment Date shall not be specified in such offer, the Proposed Prepayment Date shall be the first Business Day after the 60th day after the date of such offer).

(d) *Acceptance/Rejection*. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company not later than fifteen (15) days after receipt by such holder of Notes of the most recent offer of prepayment. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.3 shall be deemed to constitute a rejection of such offer by such holder of Notes.

(e) *Prepayment*. Prepayment of the Notes to be prepaid pursuant to this Section 8.3 shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment. The prepayment shall be made on the Proposed Prepayment Date except as provided in subparagraph (f) of this Section 8.3.

(f) *Deferral Pending Change of Control*. The obligation of the Company to prepay Notes pursuant to the offers required by subparagraph (c) and accepted in accordance with subparagraph (d) of this Section 8.3 is subject to the occurrence of the Change of Control in respect of which such offers and acceptances shall have been made. In the event that such Change of Control has not occurred on the Proposed Prepayment Date in respect thereof, the prepayment shall be deferred until, and shall be made on, the date on which such Change of Control occurs; provided, however, that if the Change of Control has not occurred within 45 days after the original Proposed Prepayment Date, any holder of Notes may withdraw its acceptance and the Company shall again comply with this Section 8.3 as to such Change of Control with respect to such withdrawing holder. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change of Control and the prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change of Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.3 in respect of such Change of Control shall be deemed rescinded).

(g) *Officer's Certificate*. Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.3; (iii) the principal amount and series of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) that the conditions of this Section 8.3 have been fulfilled; and (vi) in reasonable detail, the nature and date or proposed date of the Change of Control.

8.4. Prepayment of Notes Upon Sale of Assets.

The Company may prepay the Notes in accordance with Section 10.4.

8.5. ***Allocation of Partial Prepayments*.**

In the case of each partial prepayment of the Notes pursuant to the provisions of Section 8.2, the principal amount of the Notes shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof.

8.6. ***Maturity; Surrender, Etc.***

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.7. ***Purchase of Notes*.**

The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to a written offer to purchase any outstanding Notes made by the Company or an Affiliate pro rata to the holders of the Notes upon the same terms and conditions. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.8. Make-Whole Amount.

"*Make-Whole Amount*" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"*Called Principal*" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"*Discounted Value*" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"*Reinvestment Yield*" means, with respect to the Called Principal of any Note, .50% over the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for actively traded on the run U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the applicable actively traded on the run U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable actively traded on the run U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

"*Remaining Average Life*" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"*Remaining Scheduled Payments*" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

9.1. *Compliance with Law*.

Without limiting Section 10.7, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, the USA Patriot Act and Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2. *Insurance*.

The Company will, and will cause each of its Restricted Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated except for any non-maintenance that would not reasonably be expected to have a Material Adverse Effect.

9.3. *Maintenance of Properties*.

The Company will, and will cause each of its Restricted Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be conducted in the ordinary course at all times, *provided* that this Section shall not prevent the Company or any Restricted Subsidiary from discontinuing the operation and the maintenance of or disposing of any of its properties if such discontinuance or disposal is desirable in the conduct of its business and the Company has concluded that such discontinuance or disposal would not, individually or in the aggregate, (i) reasonably be expected to have a Material Adverse Effect or (ii) would not violate the limitations set forth in Sections 10.4 and 10.5 hereof.

9.4. *Payment of Taxes and Claims*.

The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary not permitted by Section 10.3, *provided* that neither the Company nor any Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the non-filing or nonpayment, as the case may be, of any such taxes and assessments in the aggregate would not reasonably be expected to have a Material Adverse Effect.

9.5. *Corporate Existence, Etc*.

Subject to Sections 10.4 and 10.5, the Company will at all times preserve and keep in full force and effect its corporate existence, and will at all times preserve and keep in full force and effect the corporate existence of each of its Restricted Subsidiaries (unless merged into the Company or a Restricted Subsidiary) and all rights and franchises of the Company and its Restricted Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

9.6. *Designation of Subsidiaries.*

The Company may from time to time cause any Subsidiary (other than a Subsidiary Guarantor) to be designated as an Unrestricted Subsidiary or any Unrestricted Subsidiary to be designated a Restricted Subsidiary; *provided, however,* that at the time of such designation and immediately after giving effect thereto, (a) no Default or Event of Default would exist under the terms of this Agreement, and (b) the Company and its Restricted Subsidiaries would be in compliance with all of the covenants set forth in this Section 9 and Section 10 if tested on the date of such action and *provided, further,* that once a Subsidiary has been designated an Unrestricted Subsidiary, it shall not thereafter be redesignated as a Restricted Subsidiary on more than one occasion and once a Subsidiary has been designated a Restricted Subsidiary, it shall not thereafter be redesignated as an Unrestricted Subsidiary on more than one occasion, except with the prior written consent of the holders of Notes, not to be unreasonable withheld. Within ten (10) days following any designation described above, the Company will deliver to you a notice of such designation accompanied by a certificate signed by a Senior Financial Officer of the Company certifying compliance with all requirements of this Section 9.6 and setting forth all information required in order to establish such compliance.

9.7. *Notes to Rank Pari Passu.*

The Notes and all other obligations under this Agreement of the Company are and at all times shall remain direct and unsecured obligations of the Company ranking *pari passu* as against the assets of the Company with all other Notes from time to time issued and outstanding hereunder without any preference among themselves and *pari passu* with all Debt outstanding under the Bank Credit Agreement and all other present and future unsecured Debt (actual or contingent) of the Company which is not expressed to be subordinate or junior in rank to any other unsecured Debt of the Company.

9.8. *Subsidiary Guarantors*.

The Company will cause any Subsidiary which is required by the terms of the Bank Credit Agreement to become obligated for, or otherwise guarantee, Debt of the Company in respect of the Bank Credit Agreement, to deliver to each of the holders of the Notes (concurrently with the incurrence of any such obligation) the following items:

(a) a duly executed Subsidiary Guaranty in scope, form and substance satisfactory to the Required Holders;

(b) a certificate signed by an authorized Responsible Officer of the Company making representations and warranties to the effect of those contained in Sections 5.4, 5.6 and 5.7, with respect to such Subsidiary and the Subsidiary Guaranty, as applicable; and

(c) an opinion of counsel (who may be in-house counsel for the Company) addressed to each of the holders of the Notes satisfactory to the Required Holders, to the effect that the Subsidiary Guaranty by such Person has been duly authorized, executed and delivered and that the Subsidiary Guaranty constitutes the legal, valid and binding contract and agreement of such Person enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, fraudulent conveyance and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

9.9. *Books and Records.*

The Company will, and will cause each of its Restricted Subsidiaries to, maintain proper books of record and account in conformity with GAAP (or with respect to any Restricted Subsidiary organized and operating in a jurisdiction other than the United States of America, in conformity to such jurisdiction's generally accepted accounting principles) and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Restricted Subsidiary, as the case may be.

10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

10.1. *Consolidated Debt to Consolidated EBITDA.*

The Company will not at any time permit the ratio of Consolidated Debt to Consolidated EBITDA (Consolidated EBITDA to be calculated as at the end of each fiscal quarter for the four consecutive fiscal quarters then ended) to exceed 3.50 to 1.00; *provided, however,* that the ratio of Consolidated Debt to Consolidated EBITDA may exceed 3.5 to 1.00 at any time during a Transition Period if such ratio of Consolidated Debt to Consolidated EBITDA exceeded 3.5 to 1.00 as a direct result of the Company or any Restricted Subsidiary creating, assuming, incurring, guaranteeing or otherwise becoming liable in respect of Acquisition Debt so long as the ratio of Consolidated Debt to Consolidated EBITDA at all times during any Transition Period shall not exceed 4.0 to 1.00.

10.2. *Priority Debt.*

The Company will not at any time permit the aggregate amount of all Priority Debt to exceed 20% of Consolidated Net Worth (Consolidated Net Worth to be determined as of the end of the then most recently ended fiscal quarter of the Company).

10.3. *Limitation on Liens*.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property or asset (including, without limitation, any document or instrument in respect of goods or accounts receivable) of the Company or any such Restricted Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits (unless it makes, or causes to be made, effective provision whereby the Notes will be equally and ratably secured with any and all other obligations thereby secured, such security to be pursuant to an agreement reasonably satisfactory to the Required Holders and, in any such case, the Notes shall have the benefit, to the fullest extent that, and with such priority as, the holders of the Notes may be entitled under applicable law, of an equitable Lien on such property), except:

(a) Liens for taxes, assessments or other governmental charges that are not yet due and payable or the payment of which is not at the time required by Section 9.4;

(b) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay;

(c) Liens incidental to the conduct of business or the ownership of properties and assets (including landlords', carriers', warehousemen's, mechanics', materialmen's and other similar Liens for sums not yet due and payable) and Liens to secure the performance of bids, tenders, leases, or trade contracts, or to secure statutory obligations (including obligations under workers compensation, unemployment insurance and other social security legislation), surety or appeal bonds or other Liens incurred in the ordinary course of business and not in connection with the borrowing of money;

(d) leases or subleases granted to others, easements, rights-of-way, restrictions and other similar charges or encumbrances, in each case incidental to the ownership of property or assets or the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries, or Liens incidental to minor survey exceptions and the like, *provided* that such Liens do not, in the aggregate, materially detract from the value of such property;

(e) Liens securing Debt of a Restricted Subsidiary to the Company or to a Restricted Subsidiary;

(f) Liens existing as of the Closing Date and reflected in Schedule 10.3;

(g) Liens incurred after the Closing Date given to secure the payment of the purchase price incurred in connection with the acquisition, construction or improvement of property (other than accounts receivable or inventory) useful and intended to be used in carrying on the business of the Company or a Restricted Subsidiary, including Liens existing on such property at the time of acquisition or construction thereof or Liens incurred within 365 days of such acquisition or completion of such construction or improvement, *provided* that (i) the Lien shall attach solely to the property acquired, purchased, constructed or improved; (ii) at the time of acquisition, construction or improvement of such property (or, in the case of any Lien incurred within three hundred sixty-five (365) days of such acquisition or completion of such construction or improvement, at the time of the incurrence of the Debt secured by such Lien), the aggregate amount remaining unpaid on all Debt secured by Liens on such property, whether or not assumed by the Company or a Restricted Subsidiary, shall not exceed the lesser of (y) the cost of such acquisition, construction or improvement or (z) the Fair Market Value of such property (as determined in good faith by one or more officers of the Company to whom authority to enter into the transaction has been delegated by the board of directors of the Company); and (iii) at the time of such incurrence and after giving effect thereto, no Default or Event of Default would exist;

(h) any Lien existing on property of a Person immediately prior to its being consolidated with or merged into the Company or a Restricted Subsidiary or its becoming a Restricted Subsidiary (other than pursuant to Section 9.6), or any Lien existing on any property acquired by the Company or any Restricted Subsidiary at the time such property is so acquired (whether or not the Debt secured thereby shall have been assumed), *provided* that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Restricted Subsidiary or such acquisition of property, (ii) each such Lien shall extend solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property, and (iii) at the time of such incurrence and after giving effect thereto, no Default or Event of Default would exist;

(i) any extensions, renewals or replacements of any Lien permitted by the preceding subparagraphs (f), (g) and (h) of this Section 10.3, *provided* that (i) no additional property shall be encumbered by such Liens, (ii) the unpaid principal amount of the Debt or other obligations secured thereby shall not be increased on or after the date of any extension, renewal or replacement, and (iii) at such time and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; or

(j) Liens securing Priority Debt of the Company or any Restricted Subsidiary, *provided* that the aggregate principal amount of any such Priority Debt shall be permitted by Section 10.2; provided that, notwithstanding the foregoing, the Company and its Restricted Subsidiaries will not secure Debt outstanding under or pursuant to any Principal Credit Facility pursuant to this clause (j) unless the Debt evidenced by the Notes is equally and ratably secured with the Debt under such Principal Credit Facility pursuant to documentation reasonably acceptable to the Required Holders.

(k) *Sales of Assets.*

The Company will not, and will not permit any Restricted Subsidiary to, sell, lease or otherwise dispose of any substantial part (as defined below) of the assets of the Company and its Restricted Subsidiaries; *provided, however,* that the Company or any Restricted Subsidiary may sell, lease or otherwise dispose of assets constituting a substantial part of the assets of the Company and its Restricted Subsidiaries if such assets are sold in an arms length transaction and, at such time and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing and an amount equal to the net proceeds received from such sale, lease or other disposition (but only with respect to that portion of such assets that exceeds the definition of "substantial part" set forth below) shall be used within 365 days of such sale, lease or disposition, in any combination:

(1) to acquire operating assets used or useful in carrying on the business of the Company and its Restricted Subsidiaries and having a value at least equal to the value of such assets sold, leased or otherwise disposed of; and/or

(2) to prepay or retire Senior Debt of the Company and/or its Restricted Subsidiaries, *provided* that (i) the Company shall offer to prepay each outstanding Note in a principal amount which equals the Ratable Portion for such Note, and (ii) any such prepayment of the Notes shall be made at par, together with accrued interest thereon to the date of such prepayment, but without the payment of the Make-Whole Amount, if any. Any offer of prepayment of the Notes pursuant to this Section 10.4 shall be given to each holder of the Notes by written notice that shall be delivered not less than fifteen (15) days and not more than sixty (60) days prior to the proposed prepayment date. Each such notice shall state that it is given pursuant to this Section and that the offer set forth in such notice must be accepted by such holder in writing and shall also set forth (i) the prepayment date, (ii) a description of the circumstances which give rise to the proposed prepayment and (iii) a calculation of the Ratable Portion for such holder's Notes. Each holder of the Notes which desires to have its Notes prepaid shall notify the Company in writing delivered not less than five (5) Business Days prior to the proposed prepayment date of its acceptance of such offer of prepayment. The Company shall prepay on the prepayment date the Ratable Portion of Notes held by each holder that has accepted such offer, together with accrued interest thereon.

As used in this Section 10.4, a sale, lease or other disposition of assets shall be deemed to be a *"substantial part"* of the assets of the Company and its Restricted Subsidiaries if the book value of such assets, when added to the book value of all other assets sold, leased or otherwise disposed of by the Company and its Restricted Subsidiaries during the period beginning on the first day of the 12th complete calendar month preceding the date of such sale, lease or other disposition and ending on such date, exceeds 10% of the book value of Consolidated Total Assets, determined as of the end of the fiscal quarter immediately preceding such sale, lease or other disposition; *provided* that there shall be excluded from any determination of a "substantial part" any (i) sale or disposition of assets in the ordinary course of business of the Company and its Restricted Subsidiaries, (ii) any transfer of assets from the Company to any Restricted Subsidiary or from any Restricted Subsidiary to the Company or a Restricted Subsidiary and (iii) any sale or transfer of property acquired by the Company or any Restricted Subsidiary after the date of this Agreement to any Person within 365 days following the acquisition or construction of such property by the Company or any Restricted Subsidiary if the Company or a Restricted Subsidiary shall concurrently with such sale or transfer, lease such property, as lessee.

10.4. ***Merger and Consolidation.***

The Company will not, and will not permit any of its Restricted Subsidiaries to, consolidate with or merge with any other Person or convey, transfer or lease substantially all of its assets in a single transaction or series of transactions to any Person; *provided* that:

(1) any Restricted Subsidiary of the Company may (x) consolidate with or merge with, or convey, transfer or lease substantially all of its assets in a single transaction or series of transactions to, (i) the Company or a Restricted Subsidiary so long as in any merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation or (ii) any other Person so long as the survivor is the Restricted Subsidiary, or (y) convey, transfer or lease all of its assets in compliance with the provisions of Section 10.4; and

(2) the foregoing restriction does not apply to the consolidation or merger of the Company with, or the conveyance, transfer or lease of substantially all of the assets of the Company in a single transaction or series of transactions to, any Person so long as:

(a) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety, as the case may be (the *"Successor Corporation"*), shall be a solvent entity organized and existing under the laws of the United States of America, any State thereof or the District of Columbia;

(b) if the Company is not the Successor Corporation, such Successor Corporation shall have executed and delivered to each holder of Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes (pursuant to such agreements and instruments as shall be reasonably satisfactory to the Required Holders), and the Successor Corporation shall have caused to be delivered to each holder of Notes (A) an opinion of nationally recognized independent counsel, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and (B) an acknowledgment from each Subsidiary Guarantor that the Subsidiary Guaranty continues in full force and effect; and

(c) immediately after giving effect to such transaction no Default or Event of Default would exist.

10.5. ***Transactions with Affiliates*****.**

The Company will not and will not permit any Restricted Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Restricted Subsidiary), except in the ordinary course and upon fair and reasonable terms that are not materially less favorable to the Company or such Restricted Subsidiary, taken as a whole, than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

10.6. ***Terrorism Sanctions Regulations*****.**

The Company will not and will not permit any Subsidiary to engage in any actions or inactions that will permit or cause the Company or any Subsidiary to (a) become a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (b) knowingly engage in any dealings or transactions with any such Person.

10.7. ***Line of Business*****.**

The Company will not and will not permit any Restricted Subsidiary to engage in any business if, as a result, the general nature of the business in which the Company and its Restricted Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and its Restricted Subsidiaries, taken as a whole, are engaged on the date of this Agreement.

10.8. ***Restricted Subsidiary Group*****.**

The Company will not at any time permit Consolidated Total Assets to be less than 80% of the total amount of consolidated total assets of the Company and its Subsidiaries, determined on a consolidated basis in accordance with GAAP as of the end of the then most recently ended fiscal quarter.

11. EVENTS OF DEFAULT.

An *"Event of Default"* shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 10 or any Subsidiary Guarantor defaults in the performance of or compliance with any term of the Subsidiary Guaranty, beyond any period of grace or cure period provided with respect thereto; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default or (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any Subsidiary Guaranty ceases to be a legally valid, binding and enforceable obligation or contract of a Subsidiary Guarantor, or any Subsidiary Guarantor or any party by, through or on account of any such Person, challenges the validity, binding nature or enforceability of any such Subsidiary Guaranty; or

(f) any representation or warranty made in writing by or on behalf of the Company or Subsidiary Guarantor in this Agreement or any Subsidiary Guaranty or by any officer of the Company or any Subsidiary Guarantor in any writing furnished in connection with the transactions contemplated hereby or by any Subsidiary Guaranty proves to have been false or incorrect in any material respect on the date as of which made; or

(g) (i) the Company, any Material Subsidiary or any Subsidiary Guarantor is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest (in the payment amount of at least $100,000) on any Debt other than the Notes that is outstanding in an aggregate principal amount of at least $25,000,000 beyond any period of grace provided with respect thereto, or (ii) the Company, any Material Subsidiary or any Subsidiary Guarantor is in default in the performance of or compliance with any term of any instrument, mortgage, indenture or other agreement relating to any Debt other than the Notes in an aggregate principal amount of at least $25,000,000 or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared, due and payable, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), the Company, any Material Subsidiary or any Subsidiary Guarantor has become obligated to purchase or repay Debt other than the Notes before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least $25,000,000; or

(h) the Company, any Material Subsidiary or any Subsidiary Guarantor (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(i) a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company, any of its Material Subsidiaries or any Subsidiary Guarantor, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company, any of its Material Subsidiaries or any Subsidiary Guarantor, or any such petition shall be filed against the Company, any of its Material Subsidiaries or any Subsidiary Guarantor and such petition shall not be dismissed within 60 days; or

(j) a final judgment or judgments at any one time outstanding for the payment of money aggregating in excess of $25,000,000 are rendered against one or more of the Company, any of its Material Subsidiaries or any Subsidiary Guarantor and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(k) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under Section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under Section 4042 of ERISA to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of Section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $25,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that could increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in Section 11(k), the terms *"employee benefit plan"* and *"employee welfare benefit plan"* shall have the respective meanings assigned to such terms in Section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1. *Acceleration*.

(a) If an Event of Default with respect to the Company described in paragraph (h) or (i) of Section 11 (other than an Event of Default described in clause (i) of paragraph (h) or described in clause (vi) of paragraph (h) by virtue of the fact that such clause encompasses clause (i) of paragraph (h)) has occurred, all Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 50% in aggregate principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing with respect to any Notes, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by such holder or holders to be immediately due and payable.

Upon any Note's becoming due and payable under this Section 12.1, whether automatically or by declaration, such Note will forthwith mature and the entire unpaid principal amount of such Note, plus (i) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate) and (ii) the Make-Whole Amount, if any, determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of the Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2. *Other Remedies*.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3. *Rescission*.

At any time after the Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of not less than 51% in aggregate principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to any Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4. *No Waivers or Election of Remedies, Expenses, Etc*.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, in the event the Company fails to pay upon demand as required under this Section 12, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1. *Registration of Notes*.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2. *Transfer and Exchange of Notes*.

Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request in accordance with this Agreement, and shall be substantially in the form of the Note originally issued hereunder. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.3, *provided*, that in lieu thereof such holder may (in reliance upon information provided by the Company, which shall not be unreasonably withheld) make a representation to the effect that the purchase by any holder of any Note will not constitute a non-exempt prohibited transaction under section 406(a) of ERISA.

The Notes have not been registered under the Securities Act or under the securities laws of any state and may not be transferred or resold unless registered under the Securities Act and all applicable state securities laws or unless an exemption from the requirement for such registration is available.

13.3. ***Replacement of Notes*.**

Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (*provided* that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $50,000,000 or a Qualified Institutional Buyer, such Person’s own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Company at its own expense shall execute and deliver not more than five Business Days following satisfaction of such conditions, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1. ***Place of Payment*.**

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of Bank of America, N.A. in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2. *Home Office Payment.*

So long as any Purchaser or such Purchaser's nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose for such Purchaser on Schedule A hereto, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by any Purchaser or such Person's nominee, such Person will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note.

15. EXPENSES, ETC.

15.1. *Transaction Expenses.*

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel for the Purchasers and, if reasonably required by the Required Holders, local or other counsel) reasonably incurred by each Purchaser and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective) for: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes).

15.2. *Survival.*

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein or in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any such Note or portion thereof or interest therein and the payment of any Note and may be relied upon by any subsequent holder of any such Note, regardless of any investigation made at any time by or on behalf of any Purchaser or any other holder of any such Note. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between the Purchasers and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1. *Requirements.*

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 6 or 21 hereof, or any defined term, will be effective as to any holder of Notes unless consented to by such holder of Notes in writing, and (b) no such amendment or waiver may, without the written consent of all of the holders of Notes at the time outstanding affected thereby, (A) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest (if such change results in a decrease in the interest rate) or of the Make-Whole Amount, if any, on the Notes, (B) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (C) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2. Solicitation of Holders of Notes.

(a) *Solicitation.* The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with such information as requested, in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted or other credit support is concurrently provided, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer*. Any consent made pursuant to this Section 17 by a holder of Notes that has transferred or has agreed to transfer its Notes to the Company, any Subsidiary or any Affiliate of the Company and has provided or has

(d) agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

17.3. ***Binding Effect, Etc.***

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term “this Agreement” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4. ***Notes Held by Company, Etc.***

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to a Purchaser or such Purchaser’s nominee, to such Purchaser or such Purchaser’s nominee at the address specified for such communications in Schedule A to this Agreement, or at such other address as such Purchaser or such Purchaser’s nominee shall have specified to the Company in writing pursuant to this Section 18;

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing pursuant to this Section 18, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, with a copy to the

(iv) General Counsel, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from challenging the accuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "*Confidential Information*" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, *provided* that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, *provided* that such Purchaser may deliver or disclose Confidential Information to (i) such Purchaser's directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by such Purchaser's Notes), (ii) such Purchaser's financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which such Purchaser sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which such Purchaser offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party in connection with the transaction described herein or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes, the Subsidiary Guaranty and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Subsidiaries as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Subsidiary, shall contain such Subsidiary's agreement to be bound by this Agreement and shall contain a confirmation by such Subsidiary of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Subsidiary in lieu of such original Purchaser. In the event that such Subsidiary is so substituted as a Purchaser hereunder and such Subsidiary thereafter transfers to such original Purchaser all of the Notes then held by such Subsidiary, upon receipt by the Company of notice of such transfer, any reference to such Subsidiary as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Subsidiary, but shall refer to such original Purchaser and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

22. MISCELLANEOUS.

22.1. *Successors and Assigns*.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

22.2. *Payments Due on Non-Business Days*.

Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.6 that the notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided that if the date of payment of any principal of any Note is a date other than a Business Day, the payment otherwise due on such date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

22.3. *Accounting Terms*.

All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP. Notwithstanding the foregoing or any other provision of this Agreement, for purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure an item of Debt (including Consolidated Debt) using fair value (as permitted by FASB 159 or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

22.4. *Severability*.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

22.5. *Construction*.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

22.6. *Counterparts*.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

22.7. *Governing Law*.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Jurisdiction and Process; Waiver of Jury Trial.

(a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 22.8 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Notes or any other document executed in connection herewith or therewith.

* * * * *

The execution hereof by the Purchasers shall constitute a contract among the Company and the Purchasers for the uses and purposes hereinabove set forth. This Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

Very truly yours,

DENTSPLY INTERNATIONAL INC.

By:___________________________________
Name:
Title:

Accepted as of the date first written above.

NEW YORK LIFE INSURANCE COMPANY

By:___________________________________
Name:
Title:

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION
By: New York Life Investment Management LLC,
Its Investment Manager

By:___________________________________
Name:
Title:

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION INSTITUTIONALLY OWNED LIFE INSURANCE SEPARATE ACCOUNT (BOLI 30C)
By: New York Life Investment Management LLC,
Its Investment Manager

By:___________________________________
Name:
Title:

METROPOLITAN LIFE INSURANCE COMPANY

METLIFE INSURANCE COMPANY OF CONNECTICUT
by Metropolitan Life Insurance Company, its Investment Manager

METLIFE INVESTORS USA INSURANCE COMPANY
by Metropolitan Life Insurance Company, its Investment Manager

By:____________________________________
Name:
Title:

(executed by Metropolitan Life Insurance Company (i) as to itself as a Purchaser and (ii) as investment manager to MetLife Insurance Company of Connecticut as a Purchaser and MetLife Investors USA Insurance Company as a Purchaser)

HARTFORD LIFE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
By: Hartford Investment Management Company
Their Agent and Attorney-in-Fact

By:____________________________________
Name:
Title:

SCHEDULE A
INFORMATION RELATING TO PURCHASERS

Purchaser Name	**NEW YORK LIFE INSURANCE COMPANY**
Name in which to register Note(s)	NEW YORK LIFE INSURANCE COMPANY
Note registration number(s); principal amount(s)	R-1; $17,000,000
Payment on account of Note	
Method	Federal Funds Wire Transfer
Account information	JPMorgan Chase Bank New York, New York 10019 ABA No.: 021-000-021 Credit: New York Life Insurance Company General Account No.: 008-9-00687 Re: (See "Accompanying information" below)
Accompanying information	Name of Issuer: DENTSPLY INTERNATIONAL INC. Description of Security: 4.11% Senior Notes[1] PPN: [2] Due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.
Address / Fax # for notices related to payments, written confirmations of such wire transfers and any audit confirmation:	New York Life Insurance Company c/o New York Life Investment Management LLC 51 Madison Avenue New York, New York 10010-1603 Attention: Financial Management Securities Operations, 2nd Floor Fax #: (212) 447-4132 With a copy sent via Email to: FIIGLibrary@nylim.com
Address / Fax # for all other notices	New York Life Insurance Company c/o New York Life Investment Management LLC 51 Madison Avenue New York, New York 10010 Attention: Fixed Income Investors Group Private Finance, 2nd Floor Fax #: (212) 447-4122 With a copy sent via Email to: FIIGLibrary@nylim.com with a copy of any notices regarding defaults or Events of Default under the operative documents to: Attention: Office of General Counsel Investment Section, Room 1016 Fax #: (212) 576-8340
Instructions re Delivery of Notes	New York Life Insurance Company c/o New York Life Investment Management LLC 51 Madison Avenue New York, New York 10010 Attn: Michael Boyd, Esq.
Signature Block	NEW YORK LIFE INSURANCE COMPANY By:_____________________________ Name: Title:
Tax identification number	13-5582869

[1] Maturity date to be inserted before Closing

[2] PPN to be inserted before Closing

Purchaser Name	**NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION**
Name in which to register Note(s)	NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION
Note registration number(s); principal amount(s)	R-2; $82,000,000
Payment on account of Note	
Method	Federal Funds Wire Transfer
Account information	JPMorgan Chase Bank New York, New York 10019 ABA No.: 021-000-021 Credit: New York Life Insurance and Annuity Corporation General Account No.: 323-8-47382 Re: (See "Accompanying information" below)
Accompanying information	Name of Issuer: DENTSPLY INTERNATIONAL INC. Description of Security: 4.11% Senior Notes[3] PPN: [4] Due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.
Address / Fax # for notices related to payments, written confirmations of such wire transfers and any audit confirmation:	New York Life Insurance and Annuity Corporation c/o New York Life Investment Management LLC 51 Madison Avenue New York, New York 10010-1603 Attention: Financial Management Securities Operations, 2nd Floor Fax #: (212) 447-4132 With a copy sent via Email to: FIIGLibrary@nylim.com
Address / Fax # for all other notices	New York Life Insurance and Annuity Corporation c/o New York Life Investment Management LLC 51 Madison Avenue New York, New York 10010-1603 Attention: Fixed Income Investors Group Private Finance, 2nd Floor Fax #: (212) 447-4122 With a copy sent via Email to: FIIGLibrary@nylim.com with a copy of any notices regarding defaults or Events of Default under the operative documents to: Attention: Office of General Counsel Investment Section, Room 1016 Fax #: (212) 576-8340
Instructions re Delivery of Notes	New York Life Insurance Company c/o New York Life Investment Management LLC 51 Madison Avenue New York, New York 10010 Attn: Michael Boyd, Esq.
Signature Block	NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION By: New York Life Investment Management LLC, Its Investment Manager By:_____________________________ Name: Title:
Tax identification number	13-3044743

[3] Maturity date to be inserted before Closing

[4] PPN to be inserted before Closing

Purchaser Name	**NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION INSTITUTIONALLY OWNED LIFE INSURANCE SEPARATE ACCOUNT (BOLI 30C)**
Name in which to register Note(s)	NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION INSTITUTIONALLY OWNED LIFE INSURANCE SEPARATE ACCOUNT (BOLI 30C)
Note registration number(s); principal amount(s)	R-3; $1,000,000
Payment on account of Note	
Method	Federal Funds Wire Transfer
Account information	JPMorgan Chase Bank New York, New York ABA #021-000-021 Credit: NYLIAC SEPARATE BOLI 30C General Account No.: 304-6-23970 Re: (See "Accompanying information" below)
Accompanying information	Name of Issuer: DENTSPLY INTERNATIONAL INC. Description of Security: 4.11% Senior Notes[5] PPN: [6] Due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.
Address / Fax # for notices related to payments, written confirmations of such wire transfers and any audit confirmation:	New York Life Insurance and Annuity Corporation Institutionally Owned Life Insurance Separate Account c/o New York Life Investment Management LLC 51 Madison Avenue New York, New York 10010-1603 Attention: Financial Management Securities Operations, 2nd Floor Room 201 Fax #: (212) 447-4132 With a copy sent via Email to: FIIGLibrary@nylim.com
Address / Fax # for all other notices	New York Life Insurance and Annuity Corporation Institutionally Owned Life Insurance Separate Account c/o New York Life Investment Management LLC 51 Madison Avenue New York, New York 10010-1603 Attention: Fixed Income Investors Group Private Finance, 2nd Floor Fax #: (212) 447-4122 With a copy sent via Email to: FIIGLibrary@nylim.com with a copy of any notices regarding defaults or Events of Default under the operative documents to: Attention: Office of General Counsel Investment Section, Room 1016 Fax #: (212) 576-8340
Instructions re Delivery of Notes	New York Life Insurance Company c/o New York Life Investment Management LLC 51 Madison Avenue New York, New York 10010 Attn: Michael Boyd, Esq.
Signature Block	NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION INSTITUTIONALLY OWNED LIFE INSURANCE SEPARATE ACCOUNT (BOLI 30C) By: New York Life Investment Management LLC, Its Investment Manager By:____________________________ Name: Title:
Tax identification number	13-3044743

[5] Maturity date to be inserted before Closing

[6] PPN to be inserted before Closing

Purchaser Name	METROPOLITAN LIFE INSURANCE COMPANY
Name in which to register Note(s)	METROPOLITAN LIFE INSURANCE COMPANY
Note registration number(s); principal amount(s)	R-4; $58,000,000
Payment on account of Note	
Method	Federal Funds Wire Transfer
Account information	Bank Name: JPMorgan Chase Bank ABA Routing #: 021-000-021 Account No.: 002-2-410591 Account Name: Metropolitan Life Insurance Company Ref: See “Accompanying Information” below For all payments other than scheduled payments of principal and interest, the Company shall seek instructions form the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth below.
Accompanying information	Name of Issuer: DENTSPLY INTERNATIONAL INC. Description of Security: 4.11% Senior Notes[7] PPN: [8] Due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.
Address / Fax # / Email for all notices and communications	Metropolitan Life Insurance Company Investments, Private Placements P.O. Box 1902 10 Park Avenue Morristown, New Jersey 07962-1902 Attention: Director Facsimile: (973) 355-4250 With a copy OTHER than with respect to deliveries of financial statements to: Metropolitan Life Insurance Company P.O. Box 1902 10 Park Avenue Morristown, New Jersey 07962-1902 Attention: Chief Counsel-Securities Investments (PRIV) Facsimile: (973) 355-4338 Email: sec_invest_law@metlife.com
Instructions re Delivery of Notes	Metropolitan Life Insurance Company Securities Investments, Law Department 10 Park Avenue Morristown, New Jersey 07962 Attention: Jane Dickson, Esq.
Signature Block	METROPOLITAN LIFE INSURANCE COMPANY METLIFE INSURANCE COMPANY OF CONNECTICUT By: Metropolitan Life Insurance Company, its Investment Manager METLIFE INVESTORS USA INSURANCE COMPANY By: Metropolitan Life Insurance Company, its Investment Manager By:____ Name: Title:
Tax identification number	13-5581829

[7] Maturity date to be inserted before Closing

[8] PPN to be inserted before Closing

Purchaser Name	**METLIFE INSURANCE COMPANY OF CONNECTICUT**
Name in which to register Note(s)	METLIFE INSURANCE COMPANY OF CONNECTICUT, ON BEHALF OF ITS SEPARATE ACCOUNT MGA
Note registration number(s); principal amount(s)	R-5; $15,000,000
Payment on account of Note	
Method	Federal Funds Wire Transfer
Account information	Bank Name: State Street Bank ABA Routing #: 011000028 Account No.: 0008-7155 Account Name: MetLife Insurance Company of Connecticut - MICC-SAMGA (TIC-MGA) Ref: See "Accompanying Information" below For all payments other than scheduled payments of principal and interest, the Company shall seek instructions form the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth below.
Accompanying information	Name of Issuer: DENTSPLY INTERNATIONAL INC. Description of Security: 4.11% Senior Notes[9] PPN: [10] Due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.
Address / Fax # / Email for all notices and communications	MetLife Insurance Company of Connecticut c/o Metropolitan Life Insurance Company Investments, Private Placements P.O. Box 1902 10 Park Avenue Morristown, New Jersey 07962-1902 Attention: Director Facsimile: (973) 355-4250 With a copy OTHER than with respect to deliveries of financial statements to: MetLife Insurance Company of Connecticut c/o Metropolitan Life Insurance Company P.O. Box 1902 10 Park Avenue Morristown, New Jersey 07962-1902 Attention: Chief Counsel-Securities Investments (PRIV) Facsimile: (973) 355-4338 Email: sec_invest_law@metlife.com
Instructions re Delivery of Notes	MetLife Insurance Company of Connecticut c/o Metropolitan Life Insurance Company Securities Investments, Law Department 10 Park Avenue Morristown, New Jersey 07962 Attention: Jane Dickson, Esq.
Signature Block	METROPOLITAN LIFE INSURANCE COMPANY METLIFE INSURANCE COMPANY OF CONNECTICUT By: Metropolitan Life Insurance Company, its Investment Manager METLIFE INVESTORS USA INSURANCE COMPANY By: Metropolitan Life Insurance Company, its Investment Manager By:____ Name: Title:
Tax identification number	06-0566090

[9] Maturity date to be inserted before Closing

[10] PPN to be inserted before Closing

Purchaser Name	METLIFE INSURANCE COMPANY OF CONNECTICUT
Name in which to register Note(s)	METLIFE INSURANCE COMPANY OF CONNECTICUT
Note registration number(s); principal amount(s)	R-6; $2,000,000
Payment on account of Note	
Method	Federal Funds Wire Transfer
Account information	Bank Name: JPMorgan Chase Bank ABA Routing #: 021-000-021 Account No.: 910-2-587434 Account Name: MetLife Insurance Company of Connecticut Ref: See "Accompanying Information" below For all payments other than scheduled payments of principal and interest, the Company shall seek instructions form the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth below.
Accompanying information	Name of Issuer: DENTSPLY INTERNATIONAL INC. Description of Security: 4.11% Senior Notes[11] PPN: [12] Due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.
Address / Fax # / Email for all notices	MetLife Insurance Company of Connecticut c/o Metropolitan Life Insurance Company Investments, Private Placements P.O. Box 1902 10 Park Avenue Morristown, New Jersey 07962-1902 Attention: Director Facsimile (973) 355-4250 With a copy OTHER than with respect to deliveries of financial statements to: MetLife Insurance Company of Connecticut c/o Metropolitan Life Insurance Company P.O. Box 1902 10 Park Avenue Morristown, New Jersey 07962-1902 Attention: Chief Counsel-Securities Investments (PRIV) Facsimile: (973) 355-4338 Email: sec_invest_law@metlife.com
Instructions re Delivery of Notes	MetLife Insurance Company of Connecticut c/o Metropolitan Life Insurance Company Securities Investments, Law Department 10 Park Avenue Morristown, New Jersey 07962 Attention: Jane Dickson, Esq.
Signature Block	METROPOLITAN LIFE INSURANCE COMPANY METLIFE INSURANCE COMPANY OF CONNECTICUT By: Metropolitan Life Insurance Company, its Investment Manager METLIFE INVESTORS USA INSURANCE COMPANY By: Metropolitan Life Insurance Company, its Investment Manager By:____________________________________ Name: Title:
Tax identification number	06-0566090

[11] Maturity date to be inserted before Closing

[12] PPN to be inserted before Closing

Purchaser Name	**METLIFE INVESTORS USA INSURANCE COMPANY**
Name in which to register Note(s)	METLIFE INVESTORS USA INSURANCE COMPANY
Note registration number(s); principal amount(s)	R-7; $25,000,000
Payment on account of Note(s)	
Method	Federal Funds Wire Transfer
Account information	Bank Name: JPMorgan Chase Bank ABA Routing #: 021-000-021 Account No.: 002-2-431530 Account Name: MetLife Investors USA Insurance Company Ref: See "Accompanying Information" below For all payments other than scheduled payments of principal and interest, the Company shall seek instructions form the holder, and in the absence of instructions to the contrary, will make such payments to the account and in the manner set forth below.
Accompanying information	Name of Issuer: DENTSPLY INTERNATIONAL INC. Description of Security: 4.11% Senior Notes[13] PPN: [14] Due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.
Address / Fax # / Email for all notices	MetLife Investors USA Insurance Company c/o Metropolitan Life Insurance Company Investments, Private Placements P.O. Box 1902 10 Park Avenue Morristown, New Jersey 07962-1902 Attention: Director Facsimile (973) 355-4250 With a copy OTHER than with respect to deliveries of financial statements to: MetLife Investors USA Insurance Company c/o Metropolitan Life Insurance Company P.O. Box 1902 10 Park Avenue Morristown, New Jersey 07962-1902 Attention: Chief Counsel-Securities Investments (PRIV) Facsimile: (973) 355-4338 Email: sec_invest_law@metlife.com
Instructions re Delivery of Note(s)	MetLife Investors USA Insurance Company c/o Metropolitan Life Insurance Company Securities Investments, Law Department 10 Park Avenue Morristown, New Jersey 07962 Attention: Jane Dickson, Esq.
Signature Block	METROPOLITAN LIFE INSURANCE COMPANY METLIFE INSURANCE COMPANY OF CONNECTICUT By: Metropolitan Life Insurance Company, its Investment Manager METLIFE INVESTORS USA INSURANCE COMPANY By: Metropolitan Life Insurance Company, its Investment Manager By:____ Name: Title:
Tax identification number	54-0696644

[13] Maturity date to be inserted before Closing

[14] PPN to be inserted before Closing

Purchaser Name	HARTFORD LIFE INSURANCE COMPANY
Name in which to register Note(s)	HARTFORD LIFE INSURANCE COMPANY
Note registration number(s); principal amount(s)	R-8; $5,000,000 R-9; $5,000,000 R-10; $5,000,000 R-11; $5,000,000 R-12; $5,000,000
Payment on account of Note(s)	
Method	Federal Funds Wire Transfer
Account information	JP Morgan Chase 4 New York Plaza New York New York 10004 Bank ABA No.: 021000021 Chase NYC/Cust A/C # 900-9-000200 for F/C/T G06641-CRC Attn: Bond Interest /Principal - Dentsply International Inc. 4.11% Senior Notes due 2016 Ref: See "Accompanying Information" below
Accompanying information	Name of Issuer: DENTSPLY INTERNATIONAL INC. Description of Security: 4.11% Senior Notes[15] PPN: [16] Due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.
Address / Fax # for notices related to payments	Hartford Investment Management Company c/o Portfolio Support P.O. Box 1744 Hartford, CT 06144-1744 Fax: 860-297-8875/8876 Overnight Mail Address: 55 Farmington Avenue Hartford, CT 06105
Address / Fax # for all other notices	E-Mail Address: Dawn.crunden@himco.com and PrivatePlacements.Himco@Himco.com Subject to confirmation copy of notice being sent same day by recognized international commercial delivery services to the following address: Hartford Investment Management Company c/o Investment Department – Private Placements P.O. Box 1744 Hartford, CT 06144-1744 Fax: 860-297-8884 Overnight Mail Address: 55 Farmington Avenue Hartford, CT 06105
Instructions re Delivery of Note(s)	JP Morgan Chase 4 New York Plaza New York, NY 10004 Attn: Brian Cavanaugh, Phy/Rec - 11th Floor **Custody Account Number: G06641-CRC (must appear on outside of envelope)**
Signature Block	HARTFORD LIFE INSURANCE COMPANY HARTFORD ACCIDENT AND INDEMNITY COMPANY By: Hartford Investment Management Company Their Agent and Attorney-in-Fact By:____________________________ Name: Title:
Tax identification number	06-0974148

[15] Maturity date to be inserted before Closing

[16] PPN to be inserted before Closing

Purchaser Name	HARTFORD LIFE INSURANCE COMPANY
Name in which to register Note(s)	HARTFORD LIFE INSURANCE COMPANY
Note registration number(s); principal amount(s)	R-13; $1,000,000
Payment on account of Note(s)	
Method	Federal Funds Wire Transfer
Account information	JP Morgan Chase 4 New York Plaza New York, NY 10004 ABA No.: 021000021 Chase NYC/Cust A/C # 900-9-000200 for F/C/T G12011-CRR Attn: Bond Interest /Principal - Dentsply International Inc. 4.11% Senior Notes due 2016 Ref: See "Accompanying Information" below
Accompanying information	Name of Issuer: DENTSPLY INTERNATIONAL INC. Description of Security: 4.11% Senior Notes[17] PPN: [18] Due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.
Address / Fax # for notices related to payments	Hartford Investment Management Company c/o Portfolio Support P.O. Box 1744 Hartford, CT 06144-1744 Fax: 860-297-8875/8876 Overnight Mail Address: 55 Farmington Avenue Hartford, CT 06105
Address / Fax # for all other notices	E-Mail Address: Dawn.crunden@himco.com and PrivatePlacements.Himco@Himco.com Subject to confirmation copy of notice being sent same day by recognized international commercial delivery services to the following address: Hartford Investment Management Company c/o Investment Department – Private Placements P.O. Box 1744 Hartford, CT 06144-1744 Fax: 860-297-8884 Overnight Mail Address: 55 Farmington Avenue Hartford, CT 06105
Instructions re Delivery of Note(s)	JP Morgan Chase 4 New York Plaza New York, NY 10004 Attn: Brian Cavanaugh, Phy/Rec - 11th Floor **Custody Account Number: G12011-CRR (must appear on outside of envelope)**
Signature Block	HARTFORD LIFE INSURANCE COMPANY HARTFORD ACCIDENT AND INDEMNITY COMPANY By: Hartford Investment Management Company Their Agent and Attorney-in-Fact By:___________________________ Name: Title:
Tax identification number	06-0974148

[17] Maturity date to be inserted before Closing

[18] PPN to be inserted before Closing

Purchaser Name	**HARTFORD LIFE INSURANCE COMPANY**
Name in which to register Note(s)	HARTFORD LIFE INSURANCE COMPANY
Note registration number(s); principal amount(s)	R-14; $5,000,000 R-15; $5,000,000 R-16; $5,000,000 R-17; $5,000,000 R-18; $4,000,000
Payment on account of Note(s)	
Method	Federal Funds Wire Transfer
Account information	JP Morgan Chase 4 New York Plaza New York, NY 10004 ABA No.: 021000021 Chase NYC/Cust A/C # 900-9-000200 for F/C/T G06239-HAI Attn: Bond Interest /Principal - Dentsply International Inc. 4.11% Senior Notes due 2016 Ref: See "Accompanying Information" below
Accompanying information	Name of Issuer: DENTSPLY INTERNATIONAL INC. Description of Security: 4.11% Senior Notes[19] PPN: [20] Due date and application (as among principal, interest and Make-Whole Amount) of the payment being made.
Address / Fax # for notices related to payments	Hartford Investment Management Company c/o Portfolio Support P.O. Box 1744 Hartford, CT 06144-1744 Fax: 860-297-8875/8876 Overnight Mail Address: 55 Farmington Avenue Hartford, CT 06105
Address / Fax # for all other notices	E-Mail Address: Dawn.crunden@himco.com and PrivatePlacements.Himco@Himco.com Subject to confirmation copy of notice being sent same day by recognized international commercial delivery services to the following address: Hartford Investment Management Company c/o Investment Department – Private Placements P.O. Box 1744 Hartford, CT 06144-1744 Fax: 860-297-8884 Overnight Mail Address: 55 Farmington Avenue Hartford, CT 06105
Instructions re Delivery of Note(s)	JP Morgan Chase 4 New York Plaza New York, NY 10004 Attn: Brian Cavanaugh, Phy/Rec - 11th Floor **Custody Account Number: G06239-HAI (must appear on outside of envelope)**
Signature Block	HARTFORD LIFE INSURANCE COMPANY HARTFORD ACCIDENT AND INDEMNITY COMPANY By: Hartford Investment Management Company Their Agent and Attorney-in-Fact By:___________________________ Name: Title:
Tax identification number	06-0383030

[19] Maturity date to be inserted before Closing

[20] PPN to be inserted before Closing

SCHEDULE B

Defined Terms

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"*Acquisition Debt*" means any Debt incurred in connection with the acquisition by the Company or any Restricted Subsidiary of any Person or line of business, *provided*, that, at such time and after giving effect to such acquisition, the Company and its Restricted Subsidiaries are in compliance with Section 10.8.

"*Administrative Agent*" means Citibank, N.A. in its capacity as agent under the Bank Credit Agreement, together with its successors and assigns in such capacity.

"*Affiliate*" means, at any time, and with respect to any Person, (a) any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any Person of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, "*Control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "*Affiliate*" is a reference to an Affiliate of the Company.

"*Agreement*" is defined in Section 17.3.

"*Anti-Terrorism Order*" means Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (2001), as amended.

"*Bank Credit Agreement*" means the Credit Agreement dated as of May 9, 2005 by and among the Company, certain Subsidiaries of the Company named therein, the Administrative Agent, and the Bank Lenders and other financial institutions party thereto, as amended, restated, joined, supplemented or otherwise modified from time to time, and any renewals, extensions or replacements thereof, which constitute the primary bank credit facility of the Company and its Subsidiaries.

"*Bank Lenders*" means the banks and financial institutions party to the Bank Credit Agreement.

"*Business Day*" means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York are required or authorized to be closed.

"*Capital Lease*" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"*Capital Lease Obligation*" means, with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Person.

"*Change of Control*" means any of the following events or circumstances: (a) any Person or related Persons constituting a "group" for purposes of Section 13(d) of the Exchange Act shall have acquired "beneficial ownership" of a majority of the Voting Stock of the Company, or (b) during any period of 24 consecutive months commencing after the date of this Agreement, individuals who were directors of the Company at the beginning of the period shall cease for any reason (other than due to death or disability) to constitute a majority of the Board of Directors of the Company.

"*Closing*" is defined in Section 3.

"*Closing Date*" means the date of the Closing.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"*Company*" is defined in the introductory paragraph of this Agreement.

"*Confidential Information*" is defined in Section 20.

"*Consignment Agreements*" means, collectively, (a) that certain precious metal inventory Purchase and Sale Agreement dated November 30, 2001, as amended October 10, 2006 between Bank of Nova Scotia and the Company, (b) that certain precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between JPMorgan Chase Bank and the Company, (c) that certain precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between Mitsui & Co., Precious Metals Inc. and the Company, and (d) that certain precious metal inventory Purchase and Sale Agreement dated December 15, 2005 between ABN AMRO NV, Australian Branch and the Company, and any renewals, extensions or replacements of any of the foregoing agreements.

"*Consolidated Debt*" means as of any date of determination the total amount of all Debt of the Company and its Restricted Subsidiaries determined on a consolidated basis in accordance with GAAP. For purposes of this Agreement, Consolidated Debt shall not include any Debt incurred in connection with the Consignment Agreements.

"*Consolidated EBITDA*" shall mean, for any period, Consolidated Net Income for such period, plus, to the extent deducted in computing such Consolidated Net Income and without duplication, (a) depreciation, depletion, if any, and amortization expense for such period,

(b) Consolidated Interest Expense for such period, (c) income tax expense for such period, and (d) other non-cash charges for such period, all as determined in accordance with GAAP. For purposes of calculating Consolidated EBITDA for any period of four consecutive quarters, if during such period the Company or any Restricted Subsidiary shall have acquired or disposed of any Person or acquired or disposed of all or substantially all of the operating assets of any Person, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such transaction occurred on the first day of such period.

"*Consolidated Interest Expense*" shall mean, for any period, the gross interest expense of the Company and its Restricted Subsidiaries deducted in the calculation of Consolidated Net Income for such period, determined on a consolidated basis in accordance with GAAP.

"*Consolidated Net Income*" shall mean, for any period, the consolidated net income (or loss) of the Company and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"*Consolidated Net Worth*" shall mean the consolidated stockholder's equity of the Company and its Restricted Subsidiaries, as defined according to GAAP.

"*Consolidated Total Assets*" means, as of any date of determination, the total amount of all assets of the Company and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"*Debt*" means, with respect to any Person, without duplication,

(a) its liabilities for borrowed money;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable and other accrued liabilities arising in the ordinary course of business but including, without limitation, all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) its Capital Lease Obligations;

(d) its liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); and

(e) Guaranties by such Person with respect to liabilities of a type described in any of clauses (a) through (d) hereof.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (e) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

“*Default*” means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“*Default Rate*” means the rate of interest that is the greater of (i) 2% per annum above the rate of interest then in effect pursuant to clause (a) of the first paragraph of the Notes or (ii) 2% over the rate or interest publicly announced by JPMorgan Chase Bank in New York, New York as its “base” or “prime” rate.

“*Disclosure Documents*” is defined in Section 5.3.

“*Environmental Laws*” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“*ERISA Affiliate*” means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

“*Event of Default*” is defined in Section 11.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Fair Market Value*” means, at any time and with respect to any property, the sale value of such property that would be realized in an arm’s-length sale at such time between an informed and willing buyer and an informed and willing seller (neither being under a compulsion to buy or sell), as reasonably determined in the good faith opinion of the Company’s board of directors.

“*GAAP*” means those generally accepted accounting principles as in effect from time to time in the United States of America; provided that, if the Company notifies the Required Holders that the Company wishes to amend any negative covenants (or any definition hereof) to eliminate the effect of any change in generally accepted accounting principles on the operation of such covenant or definition, then the Company’s compliance with such covenant or the meaning of such definition shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Holders.

“*Governmental Authority*” means

the government of

(i) the United States of America or any state or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Restricted Subsidiary conducts all or any part of its business, or which has jurisdiction over any properties of the Company or any Restricted Subsidiary, or

any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Debt, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such Debt or obligation or any property constituting security therefor primarily for the purpose of assuring the owner of such Debt or obligation of the ability of any other Person to make payment of the Debt or obligation;

(b) to advance or supply funds (i) for the purchase or payment of such Debt or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Debt or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Debt or obligation of the ability of any other Person to make payment of the Debt or obligation; or

(d) otherwise to assure the owner of such Debt or obligation against loss in respect thereof.

In any computation of the Debt or other liabilities of the obligor under any Guaranty, the Debt or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

“*holder*” means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

“*INHAM Exemption*” is defined in Section 6.3(e).

“*Institutional Investor*” means (a) any original purchaser of a Note, (b) any holder of more than $2,000,000 of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

“*Lien*” means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement (other than an operating lease) or Capital Lease, upon or with respect to any property or asset of such Person (including, in the case of stock, shareholder agreements, voting trust agreements and all similar arrangements).

“*Make-Whole Amount*” is defined in Section 8.8.

“*Material*” means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Restricted Subsidiaries taken as a whole.

“*Material Adverse Effect*” means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Restricted Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, (c) the ability of any Subsidiary Guarantor to perform its obligations under the Subsidiary Guaranty or (d) the validity or enforceability of this Agreement, the Notes or the Subsidiary Guaranty.

“*Material Subsidiary*” means, at any time, any Restricted Subsidiary of the Company which, together with all other Restricted Subsidiaries of such Restricted Subsidiary, accounts for more than (a) 5% of the consolidated assets of the Company and its Restricted Subsidiaries, determined as of the end of the then most recently ended fiscal quarter of the Company or (b) 5% of consolidated revenue of the Company and its Restricted Subsidiaries, determined for the then most recently ended period of four consecutive fiscal quarters of the Company.

“*Multiemployer Plan*” means any Plan that is a “multiemployer plan” (as such term is defined in Section 4001(a)(3) of ERISA).

“*NAIC Annual Statement*” is defined in Section 6.3(a).

“*Notes*” is defined in Section 1.

"*Officer's Certificate*" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"*PBGC*" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"*Person*" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

"*Plan*" means an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"*Principal Credit Facility*" means (a) the Bank Credit Agreement, as the same may be amended, restated or otherwise modified from time to time, or such other principal credit facility or facilities of the Company as may from time to time refinance or replace such facility and (b) any committed or funded debt facility of the Company with an aggregate facility size of at least $50,000,000 (or the equivalent thereof in the relevant currency), as of any date of determination.

"*Priority Debt*" means (without duplication), as of the date of any determination thereof, the sum of (a) all unsecured Debt of Restricted Subsidiaries (including all Guaranties of Debt of the Company but excluding (x) Debt owing to the Company or any other Restricted Subsidiary, (y) Debt outstanding at the time such Person became a Restricted Subsidiary (other than an Unrestricted Subsidiary which is designated as a Restricted Subsidiary pursuant to Section 9.6 hereof), provided that such Debt shall have not been incurred in contemplation of such person becoming a Restricted Subsidiary, and (z) all Guaranties of Debt of the Company by any Restricted Subsidiary which has also guaranteed the Notes and (b) all Debt of the Company and its Restricted Subsidiaries secured by Liens other than Debt secured by Liens permitted by subparagraphs (a) through (i), inclusive, of Section 10.3.

"*property*" or "*properties*" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"*Proposed Prepayment Date*" is defined in Section 8.3(c).

"*PTE*" is defined in Section 6.3(a).

"*Public Filings*" is defined in Section 5.3.

"*Purchasers*" is defined in the introductory paragraph of this Agreement.

"*QPAM Exemption*" means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"*Qualified Institutional Buyer*" means any Person who is a qualified institutional buyer within the meaning of such term as set forth in Rule 144(a)(1) under the Securities Act.

"*Ratable Portion*" means, with respect to any Note, an amount equal to the product of (x) the amount equal to the net proceeds being so applied to the prepayment of Senior Debt in accordance with Section 10.4(2), multiplied by (y) a fraction the numerator of which is the outstanding principal amount of such Note and the denominator of which is the aggregate outstanding principal amount of Senior Debt of the Company and its Restricted Subsidiaries.[21]

"*Related Fund*" means, with respect to any holder of any Note, any fund or entity that (a) invests in Securities or bank loans, and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"*Required Holders*" means, at any time, the holders of not less than 51% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates and any Notes held by parties who are contractually required to abstain from voting with respect to matters affecting the holders of the Notes).

"*Responsible Officer*" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"*Restricted Subsidiary*" means any Subsidiary (a) in which at least a majority of the voting securities are owned by the Company and/or one or more Restricted Subsidiaries and (b) which the Company has not designated as an Unrestricted Subsidiary by notice in writing given to the holders of the Notes.

"*Securities*" or "*Security*" shall have the meaning specified in Section 2(1) of the Securities Act.

"*Securities Act*" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*Senior Debt*" means, as of the date of any determination thereof, all Consolidated Debt, other than Subordinated Debt.

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[21] We have deleted the phrase "being prepaid pursuant to Section 10.4(2)", which previously appeared at the end of the Section, and inserted "outstanding" because the phrase didn't appear to work. Thus, if asset sale proceeds of 90 are going to be applied to pay a portion of the Notes (with an aggregate outstanding principal amount of 250) and a portion of bank debt (with an aggregate outstanding principal amount of 500), 30 should be applied to the Notes and 60 to the bank debt. As originally written, assuming one note of 150 and another note of 100, the formula would require prepayment of the first Note in an amount equal to 90 x 150/90 and a prepayment of the second note in an amount equal to 90 x 100/90.

“*Senior Financial Officer*” means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

“*Source*” is defined in Section 6.3.

“*Subordinated Debt*” means all unsecured Debt of the Company which shall contain or have applicable thereto subordination provisions providing for the subordination thereof to other Debt of the Company (including, without limitation, the obligations of the Company under this Agreement or the Notes).

“*Subsidiary*” means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company.

“*Subsidiary Guarantor*” means each Subsidiary that is party to the Subsidiary Guaranty.

“*Subsidiary Guaranty*” means a subsidiary guaranty agreement executed and delivered in connection with Section 9.8 of the Agreement.

“*Successor Corporation*” is defined in Section 10.5(a).

“*Transition Period*” means the period commencing on the date the Company or any Restricted Subsidiary acquires any Person or line of business and ending on the last day of the fourth full fiscal quarter following the date of the consummation of such acquisition, *provided* that, at the time of such acquisition and after giving effect thereto, the Company and its Restricted Subsidiaries are in compliance with Section 10.8.

“*Unrestricted Subsidiary*” means any Subsidiary so designated by the Company.

“*USA Patriot Act*” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“*Voting Stock*” means, with respect to any Person, any class of shares of stock or other equity interests of such Person having general voting power under ordinary circumstances to elect the board of directors or other managing entities, as appropriate, of such Person (irrespective of whether or not at the time stock of any other class or classes or other equity interests of such Person shall have or might have voting power by reason of the happening of any contingency).

SCHEDULE 5.4

SUBSIDIARIES OF THE COMPANY, OWNERSHIP OF SUBSIDIARY STOCK, AFFILIATES

SUBSIDIARY	JURISDICTION OF INCORPORATION	DESIGNATION[22]	OWNERSHIP[23]
Ceramco Europe Limited	Cayman Islands	U	
Ceramco Manufacturing B.V.	Netherlands	R	
CeraMed Dental L.L.C.	Delaware, USA	R	
Cicero Dental Systems B.V.	Netherlands	R	
De Trey do Brasil Industria e Comercio Ltda.	Brazil	U	
Degpar Participacoes e Empreendimentos S.A.	Brazil	U	99.99994%
DeguDent Austria Handels GmbH	Austria	R	
DeguDent Benelux B.V.	Amsterdam	R	
DeguDent da Amazonia Industria e Comercio Ltda.	Brazil	U	
DeguDent GmbH	Germany	R	
DeguDent Industria e Comercio Ltda.	Brazil	U	
Dental Depot Lomberg B.V.	Netherlands	R	
Dental Trust B.V.	Netherlands	R	
Dentsply (Singapore) Pte. Ltd.	Singapore	U	
Dentsply (Tianjin) International Trading Co. Ltd.	China	U	
Dentsply Argentina S.A.C.e I.	Argentina	U	
Dentsply Australia Pty. Ltd.	Victoria, Australia	R	
DENTSPLY Canada Ltd.	Canada	R	
Dentsply Chile Comercial Limitada	Santiago, Chile	U	
Dentsply De Trey GmbH	Langen/Hessen, Germany	R	
Dentsply De Trey S.a.r.l.	Canton de Vaud, Switzerland	R	
Dentsply Dental (Tianjin) Co. Ltd.	China	U	
Dentsply Espana, SL	Madrid, Spain	U	
Dentsply EU Holding, S.a.r.l.	Luxembourg	R	
Dentsply Europe S.a.r.l.	Luxembourg	R	
DENTSPLY Finance Co.	Delaware, USA	R	
Dentsply France SAS	Nanterre, France	R	
DENTSPLY Friadent Benelux NV/SA	Belgium	R	
DENTSPLY Friadent Espana S.A.	Madrid, Spain	U	
Dentsply Friadent Scandinavia ApS	Denmark	U	
Dentsply Germany Holdings GmbH	Germany	R	
Dentsply Germany Investments GmbH	Germany	R	
DENTSPLY Holding Company	Delaware, USA	R	
Dentsply India Private Limited	India	U	
Dentsply Industria e Comercio Ltda.	Brazil	U	
Dentsply Investments & Co. KG	Germany	R	
Dentsply Israel Ltd.	Israel	U	
Dentsply Italia Sr.L.	Italy	R	
DENTSPLY Korea Ltd.	Seoul, Republic of Korea	R	
Dentsply Limited	Cayman Islands	R	
Dentsply LLC	Delaware, USA	R	
Dentsply Luxembourg S.a.r.l.	Luxembourg	R	
Dentsply Mexico, S.A. de C.V.	Mexico	R	
Dentsply New Zealand Limited	Auckland, NZ	R	
DENTSPLY North America LLC	Delaware, USA	R	
Dentsply Philippines, Inc. (Dentsply (Phils.) Inc.)	Philippines	U	
DENTSPLY Prosthetics U.S. LLC	Delaware, USA	R	
Dentsply Russia Ltd.	United Kingdom	U	
Dentsply Services (Switzerland) S.a.r.l.	Switzerland	R	
Dentsply South Africa (Pty.) Ltd.	South Africa	U	
Dentsply Sweden AB	Sweden	U	
Dentsply Switzerland Holdings SA	Switzerland	R	
Dentsply Thailand Ltd.	Thailand	U	
DENTSPLY-Sankin K.K.	Japan	R	96.82%

Dentsply Friadent Turkey	Istanbul, Turkey	U	
DLA Pharmaceutical Ltda.	Brazil	U	
DPLA Participaçoes Ltda.	Brazil	U	
DSHealthcare Inc.	Delaware, USA	R	
Ducera Dental Verwaltungs GmbH	Friedburg, Germany	R	
E. S. Healthcare N.V.	Belgium	R	
E.S. Holding	Belgium	R	
E.S. Tooling	Belgium	R	
Elephant Dental B.V.	Noordwest-Holland	R	
Elephant Dental GmbH	Netherlands	R	
EndoAction Inc.	Delaware, USA	R	
Friadent Brasil Ltda.	Brazil	U	98.33%
Friadent GmbH	Germany	R	
Friadent Schweiz AG	Switzerland	U	
GAC Deutschland GmbH	Germany	R	
GAC International LLC	Delaware, USA	R	
GAC Ortho A.S. (a/k/a GAC Norge)	Norway	U	
GAC, S.A.	Switzerland	R	
Maillefer Instruments Consulting, S.a.r.l.	Switzerland	R	
Maillefer Instruments Holding, S.a.r.l.	Switzerland	R	
Maillefer Instruments Manufacturing, S.a.r.l.	Switzerland	R	
Maillefer Instruments Trading, S.a.r.l.	Switzerland	R	
Materialise Dental, Inc.	Maryland, USA	R	46%
Materialise Dental NV	Netherlands	R	46%
Materialise-Yokogawa, Inc.	Japan	R	65%
Orthodental International, Inc.	California, USA	U	92%
Orthodental S.A. de C.V.	Mexico	U	93.2%
Osteointegration Materials LLC	Delaware, USA	R	
Prident (Shanghai) Dental Medical Devices Co., Ltd.	Minhang District, China	U	
Prident International, Inc.	California, USA	U	
Probem Laboratorio de Produtos Farmaceuticos e Odontologicos S.A.	Brazil	U	60%
PT Dentsply Indonesia	Indonesia	U	
Raintree Essix Inc.	Delaware, USA	R	
Ransom & Randolph Company	Delaware, USA	R	
Sankin Laboratories K.K.	Japan	R	
SOF (Societe d'Orthodontie Francais), S.A.	France	R	
Tulsa Dental Products LLC	Delaware, USA	R	
Tulsa Finance Co.	Delaware, USA	R	
VDW GmbH	Germany	R	
Zhermack GmbH	Germany	U	36%
Zhermack Inc.	Nevada, USA	R	57%
Zhermack International S.a.r.l.	Luxembourg	R	57.89%
Zhermack S.p.A.	Badia Polesine, Italy	R	60%
Zhermack Sp. z.o.o. (a/k/a/ Zhermapol)	Warsaw, Poland	U	48.15%

[22] U = Unrestricted; R = Restricted, as such terms are defined in the Note Purchase Agreement

[23] All ownership is 100% by DENTSPLY International Inc. and/or its Subsidiaries, except where specifically noted otherwise.

SCHEDULE 5.11

LICENSES, PERMITS, ETC.

None.

Schedule 5.15
Existing Debt; Future Liens
Outstanding Debt of the Company and its Restricted Subsidiaries
as of June 30, 2009

Source	Currency	FC Principal		FX		USD Equivalent
Commercial Paper						
USD Commercial Paper	USD	35,000,000	$	1.000	$	35,000,000
subtotal					$	35,000,000
Revolving Credit Loans						
due 9/1/2009	CHF	65,000,000	$	1.085	$	59,905,405
subtotal					$	59,905,405
Private Placement Notes						
Various	USD	150,000,000	$	1.000	$	150,000,000
Various	JPY	12,552,500,000		96.310	$	130,334,344
subtotal					$	280,334,344
Checks issued not cleared	USD	1,637,817	$	1.000	$	1,637,817
Citibank NA, London	MXN	2,814		13.168	$	213
Fair Value of Derivatives					$	149,971,200
Guarantee/Letters of Credit					$	9,195,475
Subtotal Dentsply International Inc					$	536,044,453
Subsidiary Bank Debt						
Citibank NA, London	EUR	392,873	$	1.4047	$	551,868
Various, Italy	EUR	13,042,632	$	1.4047	$	18,320,972
Fried Van Craen, Belgium	EUR	1,239,912	$	1.4047	$	1,741,703
BMO, Canada	CAD	326,165	$	1.161	$	280,898
BBVA, San Juan	USD	16,333	$	1.000	$	16,333
subtotal					$	20,911,775
Capital Lease Obligations						
Canon - Equipment, France	EUR	18,308	$	1.4047	$	25,717
Volksbank - Building, Germany	EUR	220,000	$	1.4047	$	309,034
Various - Italy	EUR	13,191,334	$	1.4047	$	18,529,853
De Lage Landen - Equipment, Belgium	EUR	9,449	$	1.4047	$	13,272
Prolift - Equipment, Englewood NJ	USD	2,709	$	1.000	$	2,709
subtotal					$	18,880,585
Consolidated Debt of Company & Restricted Subsidiaries					$	575,836,814

Schedule 10.3
Existing Liens
of the Company and its Restricted Subsidiaries
as of June 30, 2009

Letters of Credit Guarantees	Issuer	Beneficiary		USD Equivalent
Standby Letter of Credit	M&T Bank	Travelers Indemnity	$	5,900,000
Letter of Credit	M&T Bank	MSNQ Continental Associates LLC	$	25,249
Letter of Credit	Citibank	Belastingdienst Rijnmond	$	49,164
Letter of Credit	Citibank	Kuehne Nagel	$	49,164
Guarantee	Citibank	German Government	$	1,095,665
Guarantee	Citibank	French Government	$	2,076,232
subtotal			$	9,195,475

Capital Lease Obligations	FC Principal		FX		USD Equivalent
Canon - Equipment, France	18,308	$	1.4047	$	25,717
Volksbank - Building, Germany	220,000	$	1.4047	$	309,034
Various - Italy	13,191,334	$	1.4047	$	18,529,853
De Lage Landen - Equipment, Belgium	9,449	$	1.4047	$	13,272
Prolift - Equipment, Englewood NJ	2,709	$	1.0000	$	2,709
subtotal				$	18,880,585

EXHIBIT 1

[Form of Note]

Dentsply International Inc.

4.11% Senior Note due [_______][24]

No. [_______] [Date]
$[__________] PPN [________]

For Value Received, the undersigned, Dentsply International Inc. (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to [______________________] or registered assigns, the principal sum of [_______________] Dollars (or so much thereof as shall not have been prepaid) on [_______] with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 4.11% per annum (subject to increase as provided in the Note Purchase Agreement referred to below) from the date hereof until maturity, payable semi-annually on the [____] day of each [_______] and [_______] in each year, commencing [_______], until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, at the Default Rate (as defined in the Note Purchase Agreement referred to below), on any overdue payment of interest and, during the continuance of an Event of Default, on the unpaid balance hereof and on any overdue payment of any Make-Whole Amount, payable semi-annually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Bank of America, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the *"Notes"*) issued pursuant to the Note Purchase Agreement, dated as of October 16, 2009 (as from time to time amended, supplemented or modified, the *"Note Purchase Agreement"*), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representations set forth in Section 6.3 of the Note Purchase Agreement, *provided*, that in lieu thereof such holder may (in reliance upon information provided by the Company, which shall not be unreasonably withheld) make a representation to the effect that the purchase by any holder of any Note will not constitute a non-exempt prohibited transaction under section 406(a) of ERISA. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

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[24] Actual maturity date and all interest date information to be inserted before Closing.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the date and in the amounts specified in the Note Purchase Agreement. This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including the applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the issuer and holder hereof shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

DENTSPLY INTERNATIONAL INC.

By
Name:
Title:

FORM OF OPINION OF GENERAL COUNSEL
TO THE COMPANY

The closing opinion of Brian Addison, General Counsel of the Company, which is called for by Section 4.4 of the Note Purchase Agreement, shall be dated the date of Closing and addressed to the Purchasers, shall be satisfactory in scope and form to each Purchaser and shall be to the effect that:

1. The Company has the full corporate power and the corporate authority to conduct the activities in which it is now engaged, has the corporate power and authority to execute and perform the Note Purchase Agreement and to issue the Notes and is duly licensed or qualified and is in good standing as a foreign corporation in each jurisdiction in which the character of the properties owned or leased by it or the nature of the business transacted by it makes such licensing or qualification necessary except in jurisdictions where the failure to be so qualified or licensed would not have a material adverse effect on the business of the Company.

2. Each Subsidiary is a corporation or similar legal entity, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly licensed or qualified and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or the nature of the business transacted by it makes such licensing or qualification necessary except in jurisdictions where the failure to be so qualified or licensed would not have a material adverse effect on the business of such Subsidiary. All of the issued and outstanding shares of capital stock or similar equity interests of each such Subsidiary have been duly issued, are fully paid and non-assessable and are owned by the Company, by one or more Subsidiaries, or by the Company and one or more Subsidiaries.

3. The issuance and sale of the Notes, the execution, delivery and performance by the Company of the Note Purchase Agreement, and the execution, delivery and performance by each Subsidiary Guarantor of the Subsidiary Guaranty do not violate any provision of any law or other rule or regulation of any Governmental Authority applicable to the Company or any such Subsidiary Guarantor or conflict with or result in any breach of any of the provisions of or constitute a default under or result in the creation or imposition of any Lien upon any property of the Company or any such Subsidiary Guarantor pursuant to the provisions of the Articles or Certificate of Incorporation or By-laws, or such similar organizational or governing instrument, as the case may be, of the Company or such Subsidiary Guarantor or any agreement or other instrument known to such counsel to which the Company or any such Subsidiary Guarantor is a party or by which the Company or any such Subsidiary Guarantor may be bound.

4. There are no actions, suits or proceedings pending or, to the knowledge of such counsel after due inquiry, threatened against or affecting the Company or any Subsidiary in any court or before any governmental authority or arbitration board or tribunal which, if adversely determined, would have a materially adverse effect on the properties, business, profits or condition, (financial or otherwise) of the Company and its Subsidiaries or the ability of the

Company to perform its obligations under the Note Purchase Agreement and the Notes or on the legality, validity or enforceability of the Company's obligations under the Note Purchase Agreement and the Notes. To the knowledge of such counsel, neither the Company nor any Subsidiary is in default with respect to any court or governmental authority, or arbitration board or tribunal.

5. The Note Purchase Agreement has been duly authorized by all necessary corporate action on the part of the Company, has been duly executed and delivered by the Company and constitutes the legal, valid and binding contract of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

6. The Notes have been duly authorized by all necessary corporate action on the part of the Company, have been duly executed and delivered by the Company and constitute the legal, valid and binding contract of the Company enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

7. No approval, consent or withholding of objection on the part of, or filing, registration or qualification with, any governmental body, Federal or state, is necessary in connection with the execution and delivery of the Note Purchase Agreement or the Notes.

8. The issuance, sale and delivery of the Notes under the circumstances contemplated by the Note Purchase Agreement do not, under existing law, require the registration of the Notes under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended.

9. Neither the issuance of the Notes nor the application of the proceeds of the sale of the Notes will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulation issued pursuant thereto, including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System.

10. The Company is not an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

The opinion shall also cover such other matters relating to the sale of the Notes as each Purchaser may reasonably request and successors and assigns of the Purchasers shall be entitled to rely on such opinion. With respect to matters of fact on which such opinion is based, such counsel shall be entitled to rely on appropriate certificates of public officials and other officers of the Company and its Subsidiaries.

FORM OF OPINION OF SPECIAL COUNSEL
TO THE PURCHASERS

The closing opinion of Bingham McCutchen LLP, special counsel to the Purchasers, called for by Section 4.4 of the Note Purchase Agreement, shall be dated the date of Closing and addressed to each Purchaser, shall be satisfactory in form and substance to each Purchaser and shall be to the effect that:

1. The Company is a corporation, validly existing and in good standing under the laws of its jurisdiction of incorporation and has the corporate power and the corporate authority to execute and deliver the Note Purchase Agreement and to issue the Notes.

2. The Note Purchase Agreement has been duly authorized by all necessary corporate action on the part of the Company, has been duly executed and delivered by the Company and constitutes the legal, valid and binding contract of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

3. The Notes have been duly authorized by all necessary corporate action on the part of the Company, and the Notes being delivered on the date hereof have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

4. The issuance, sale and delivery of the Notes and the execution and delivery of the Subsidiary Guaranty under the circumstances contemplated by the Note Purchase Agreement and the Subsidiary Guaranty do not, under existing law, require the registration of the Notes or the Subsidiary Guaranty under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended.

With respect to matters of fact upon which such opinion is based, Bingham McCutchen LLP may rely on appropriate certificates of public officials and officers of the Company and upon representations of the Company and the Purchasers delivered in connection with the issuance and sale of the Notes.

In rendering the opinion set forth in paragraph 1 above, Bingham McCutchen LLP may rely, as to matters referred to in paragraph 1, solely upon an examination of the Articles of Incorporation certified by, and a certificate of good standing of the Company from, the Secretary of State of the State of Delaware, the Bylaws of the Company and the general business corporation law of the State of Delaware. The opinion of Bingham McCutchen LLP is limited to the laws of the State of New York, the general business corporation law of the State of Delaware and the Federal laws of the United States.

BOARD COMPENSATION ARRANGEMENT

Annual Retainer Fee	$ 40,000.00
Committee Chair Annual Fee	$ 7,500.00
Audit Committee Chair Annual Fee	$ 10,000.00
Lead Director Annual Fee (No reduction for other Chairman fees)	$ 10,000.00
In-Person Board/Committee Meeting Attendance Fee	$ 1,500.00
Telephone Board/Committee Meeting Attendance Fee	$ 1,000.00
Equity Incentive Grants	As determined periodically by the Board of Directors. Currently, annual grants with a value of $115,000, allocated 70% options and 30% RSUs

FIRST AMENDMENT TO THE
DENTSPLY INTERNATIONAL INC.
EXECUTIVE CHANGE OF CONTROL SEPARATION PLAN

WHEREAS, DENTSPLY International Inc. (the “Company”) maintains the DENTSPLY International Inc. Executive Change of Control Separation Plan (the “Plan”) for a select group of designated key employees, as defined in Article III of the Plan; and

WHEREAS, pursuant to Section 6.2 of the Plan, the Company is authorized to amend the Plan at any time, unless a Change of Control has occurred; and

WHEREAS, no Change of Control has occurred, as defined in Article II of the Plan; and

WHEREAS, the Company desires to amend the Plan, effective January 1, 2009, to make certain changes to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder;

NOW, THEREFORE, the Plan is hereby amended, effective for all participants in the Plan on January 1, 2009, as follows:

1. Article II is hereby amended by deleting the definition of “Change of Control” in its entirety and substituting the following therefor:

“Change of Control”. “Change of Control” shall mean:

(i) The acquisition during any 12-month period, other than from the Company, by any individual, entity or group (within the meaning of Section 13(d) (3) or 14(d) (2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (other than the Company or an employee benefit plan of the Company) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Company Voting Securities”); or

(ii) A reorganization, merger, consolidation or recapitalization of the Company (a “Business Combination”), other than a Business Combination in which more than 50% of the combined voting power of the outstanding voting securities of the surviving or resulting entity immediately following the Business Combination is held by the persons who, immediately prior to such Business Combination, were the holders of the Company Voting Securities; or

(iii) A complete liquidation or dissolution of the Company, or a sale of all or substantially all of the assets of the Company; or

(iv) Individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason during any 12-month period to constitute at least a majority of the Board; provided, that any individual becoming a director subsequent to such date whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board.

2. Section 4.2(c) is amended by deleting the period at the end of the final sentence and adding to the end of the sentence the following:

"; provided, that any reimbursements to the Participant for medical expenses incurred beyond the 18-month period following the Date of Termination shall be paid no later than the end of the calendar year following the year in which such expenses are incurred by the Participant."

IN WITNESS WHEREOF, the Company has caused its authorized officer to execute this amendment this 31st day of December 2008.

DENTSPLY INTERNATIONAL INC.

By: ____________________________________
Name:
Title:

DENTSPLY INTERNATIONAL INC.

Executive Change of Control Separation Plan

Introduction

The Board of Directors (the "Board") of DENTSPLY International Inc. (the "Company") recognizes that the Company, as a publicly held company, may experience a Change of Control (as hereinafter defined), and that the possibility of a Change of Control may create uncertainty resulting in the loss or distraction of certain key employees of the Company to the detriment of the Company and its stockholders.

The Board considers the avoidance of such loss and distraction to be essential to protecting and enhancing the best interests of the Company and its stockholders. The Board therefore requested that the Human Resources Committee of the Board (the “Committee”) consider what steps should be taken to avoid such loss and distraction.

The Committee has recommended that the Board, in order to help assure the Company of the continued employment and dedication to duty of certain designated key employees for the benefit of the Company and its stockholders, adopt the DENTSPLY International Inc. Change of Control Separation Plan (“CIC Plan”).

Therefore, in order to fulfill the above purposes and upon the recommendation of the Committee, the CIC Plan is hereby adopted by the Board.

ARTICLE I

ESTABLISHMENT OF PLAN

As of the Effective Date, the Company has established a plan known as the DENTSPLY International Inc. Change of Control Separation Plan as set forth in this document.

ARTICLE II

DEFINITIONS

As used herein the following words and phrases shall have the following respective meanings:

Affiliate. “Affiliate” shall mean any entity that is controlled by or under common control of the Company.

Base Pay. "Base Pay" shall mean the Participant's annual base salary in effect on the Date of Termination or, if higher, the Participant's annual base salary in effect on the date of the Change of Control.

Board. The Board of Directors of the Company.

Cause. "Cause" shall mean a determination by the Board in the exercise of good faith and reasonable judgment that the Participant has engaged in conduct that is either criminal or fraudulent and that is reasonably likely to result in substantial harm to the Company's business or financial condition, including, without limitation, embezzlement or theft of Company property; or commission of a felony, or of a misdemeanor involving fraud or dishonesty, in the course of his or her employment by the Company.

Change of Control. "Change of Control" shall mean:

(i) The acquisition, other than from the Company, by any individual, entity or group (within the meaning of Section 13(d) (3) or 14(d) (2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (other than the Company or an employee benefit plan of the Company) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Company Voting Securities"); or

(ii) A reorganization, merger, consolidation or recapitalization of the Company (a "Business Combination"), other than a Business Combination in which more than 50% of the combined voting power of the outstanding voting securities of the surviving or resulting entity immediately following the Business Combination is held by the persons who, immediately prior to such Business Combination, were the holders of the Company Voting Securities; or

(iii) A complete liquidation or dissolution of the Company, or a sale of all or substantially all of the assets of the Company; or

(iv) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, that any individual becoming a director subsequent to such date whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent.

Code. The Internal Revenue Code of 1986, as amended from time to time.

Committee. The Human Resources Committee of the Board.

Company. DENTSPLY International Inc., a Delaware corporation, and any Successor. Where the context so requires, "Company" shall include any Affiliate of the Company.

Date of Termination. The date of a Participant's termination of employment with the Company and its Subsidiaries.

Effective Date. February 19, 2008.

Good Reason. Without the Participant's express written consent, the occurrence of any one or more of the following:

(i) The Participant's job responsibilities are materially diminished from those in effect immediately prior to the Change of Control;

(ii) The Company requires the Participant to be based at a location in excess of fifty (50) miles from the Participant's principal job location or office immediately prior to the Change of Control, except for required travel on the Company's business to an extent substantially consistent with the Participant's business travel obligations immediately prior to the Change of Control;

(iii) The Company does any of the following: (a) reduces the Participant's Base Pay in a material respect; (b) materially reduces or eliminates the Participant's opportunity to earn bonuses or incentive compensation as compared to such opportunity available to the Participant prior to the Change of Control; or (c) materially reduces the employee benefits provided to the Participant from the level in effect immediately prior to the Change of Control (excluding any reduction that is generally applicable to all or substantially all salaried Company employees); or

(iv) The Company fails to obtain a satisfactory agreement from any Successor to assume and agree to perform the Company's obligations to the Participant under this Plan, as contemplated in Article V herein;

provided, that none of the events or occurrences specified above shall be deemed to constitute "Good Reason" unless (x) the Participant provides written notice of the existence of such event or occurrence to the Company within ninety (90) days of such event or occurrence, (y) the Company fails to cure such event or occurrence within thirty (30) days of the receipt of such notice ("Cure Period"), and (z) the Participant's resignation is effective at the end of the Cure Period

Incentive Pay. "Incentive Pay" shall mean 100% of the Participant's target annual bonus.

Participants. All Participants under this Plan as determined under Article III.

Plan. The DENTSPLY International Inc. Change of Control Separation Plan as set forth herein.

Separation Benefits. The benefits provided in accordance with Section 4.2 of the Plan.

Subsidiary. Any corporation or other entity (other than the Company) in any unbroken chain of corporations or other entities, beginning with the Company, if each of the corporations or entities (other than the last corporation or entity in the unbroken chain) owns stock or other interests possessing 50% or more of the economic interest or the total combined voting power of all classes of stock or other interests in one of the other corporations or entities in the chain.

Successor. Another corporation or unincorporated entity or group of corporations or unincorporated entities which acquires ownership, directly or indirectly, through merger, consolidation, purchase or otherwise, of all or substantially all of the assets of the Company.

ARTICLE III

PARTICIPANTS

Annex A to this Plan provides a list of the key employees of the Company or its Subsidiaries who have been designated by the Board or the Committee as Participants as of the Effective Date subject to the provisions of this Plan. The Board or the Committee may from time to time delete or designate other key employees as Participants; in such case, Annex A shall be deemed to be revised to reflect the addition of such Participants. In any event, a Participant shall cease to be a Participant in the Plan when he ceases to be an employee of the Company or a Subsidiary other than because of a Change of Control.

ARTICLE IV

SEPARATION BENEFITS

4.1 Right to Separation Benefits. A Participant shall be entitled to Separation Benefits as provided in Section 4.2 if a Change of Control occurs, and if within two (2) years thereafter, the Participant's employment with the Company and its Subsidiaries terminates either (a) by action of the Company or a Subsidiary without Cause or (b) by reason of the Participant's resignation from such employment for Good Reason. No action of the Company or a Subsidiary in terminating the employment of a Participant shall be considered as having been taken for Cause unless, at the time such action is taken, the Board provides written notice to the Participant, identifying the Cause with particularity.

4.2 Separation Benefits. If a Participant's employment terminates in circumstances entitling him to Separation Benefits as provided in Section 4.1, the Participant shall be entitled to the following, provided that, any amount provided for in this Plan shall be reduced by any separation payments or benefits received by the Participant under any employment agreement or contract with the Company or any payments required by any applicable law as the result of Participant’s termination of employment:

(a) A lump sum cash payment equal to (i) two years Base Pay, plus (ii) a payment equal to two years of Incentive Pay for the year in which termination occurred. Payment shall be made within ten days after the Participant's Date of Termination (or the end of the revocation period for the Release, if later, but in no event later than 60 days after the Participant's Date of Termination).

(b) A pro rated payment of the Participant's Incentive Pay for the year in which his termination of employment occurs. The pro rated payment shall be based on the Participant's Incentive Pay as of the Participant's Date of Termination, multiplied by a fraction, the numerator of which is the number of days during which the Participant was employed by the Company or a Subsidiary in the year of his termination and the denominator of which is 365. Such pro rated payment shall be made to the Participant in a lump sum within ten days after the Participant's Date of Termination (or the end of the revocation period for the Release, if later, but in no event later than 60 days after the Participant's Date of Termination).

(c) For a period of twenty-four months following the Date of Termination, the Participant shall continue to receive the medical and dental coverage in effect on the Date of Termination (or generally comparable coverage) for himself or herself and, where applicable, his or her spouse and dependents, as the same may be changed from time to time for salaried employees generally, as if the Participant had continued in employment during such period.

4.3 Other Benefits Payable. The Separation Benefits described in Section 4.2 above and except as provided therein shall not effect any other accrued or vested or earned but deferred compensation, rights, or other benefits which may be owed to a Participant following termination, including but not limited to severance pay, accrued vacation or sick pay amounts or benefits payable under any bonus or other compensation plans, stock purchase plan, life insurance plan, health plan, disability plan or similar or successor plan.

4.4 Obligations Absolute. Upon a Change of Control, the Company's obligations to provide the Separation Benefits described in Section 4.2 shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company or any of its Subsidiaries may have against any Participant.

4.5 Certain Adjustments in Payments.

(a) The provisions of this Section 4.5 shall apply notwithstanding anything in this Plan to the contrary. In the event that it shall be determined that Section 280G of the Code is determined to be applicable to a Participant under the Plan and, subject to subsection (b) below, any payment or distribution by the Company to or for the benefit of the Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise (a "Payment"), would constitute an "excess parachute payment" within the meaning of such section, the Company shall pay the Participant an additional amount (the "Gross-Up Payment") such that the net amount retained by the Participant after deduction of any excise tax imposed under section 4999 of the Code, and any federal, state and local income tax, employment tax, excise tax and other tax imposed upon the Gross-Up Payment, shall be equal to the Payment.

(b) Notwithstanding subsection (a), and notwithstanding any other provisions of this Plan to the contrary, if the net after-tax benefit to the Participant of receiving the Gross-Up Payment does not exceed the Safe Harbor Amount (as defined below) by more than 10% (as compared to the net after-tax benefit to the Participant resulting from elimination of the Gross-Up Payment and reduction of the Payments to the Safe Harbor Amount), then (i) the Company shall not pay the Participant the Gross-Up Payment, and (ii) the provisions of subsection (c) below shall apply. The term "Safe Harbor Amount" means the maximum dollar amount of parachute payments that may be paid to the Participant under section 280G of the Code without imposition of an excise tax under section 4999 of the Code.

(c) The provisions of this subsection (c) shall apply only if the Company is not required to pay the Participant a Gross-Up Payment as a result of subsection (b) above. If the Company is not required to pay the Participant a Gross-Up Payment as a result of the provisions of subsection (b), the Company will apply a limitation on the Payment amount as follows: The aggregate present value of the Separation Benefits under Section 4.2 of this Plan shall be reduced (but not below zero) to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of such Separation Benefits without causing any Payment to be subject to the limitation of deduction under section 280G of the Code. For purposes of this Section 4.5, "present value" shall be determined in accordance with section 280G(d)(4) of the Code.

(d) All determinations to be made under this Section 4.5 shall be made by the nationally recognized independent public accounting firm used by the Company immediately prior to the Change of Control ("Accounting Firm"), which Accounting Firm shall provide its determinations and any supporting calculations to the Company and the Participant within ten days of the Participant's Date of Termination. If any Gross-Up Payment is required to be made, the Company shall make the Gross-Up Payment within ten days after receiving the Accounting Firm's calculations. Any such determination by the Accounting Firm shall be binding upon the Company and the Participant. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this Section 4.5 shall be borne solely by the Company.

ARTICLE V

SUCCESSOR TO COMPANY

The Plan shall bind any Successor (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would be obligated under the Plan if no succession had taken place. In the case of any transaction in which a Successor would not by the foregoing provision or by operation of law be bound by the Plan, the Company shall require such Successor expressly and unconditionally to assume and agree to perform the Company's obligations under the Plan, in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

ARTICLE VI

DURATION, AMENDMENT AND TERMINATION

6.1 Duration. If a Change of Control has not occurred, the Plan may be terminated in accordance with Section 6.2. If a Change of Control occurs during the term of this Plan, the Plan shall continue in full force and effect and shall not terminate or expire until all Participants who become entitled to Separation Benefits hereunder shall have received such benefits in full.

6.2 Amendment and Termination. The Plan may be terminated or amended in any respect by the Board, unless a Change of Control has occurred. Upon the occurrence of a Change of Control, the Plan shall no longer be subject to amendment, change, substitution, deletion, revocation or termination in any respect whatsoever.

6.3 Form of Amendment. The form of any amendment or termination of the Plan shall be a written instrument signed by a duly authorized officer or officers of the Company, certifying that the amendment or termination has been approved by the Board. An amendment of the Plan shall automatically effect a corresponding amendment to all Participants' rights hereunder. A termination of the Plan shall automatically effect a termination of all Participants' rights and benefits hereunder.

ARTICLE VII

MISCELLANEOUS

7.1 Indemnification. If, following a Change of Control, a Participant institutes any legal action seeking to obtain or enforce, or is required to defend in any legal action the validity or enforceability of, any right or benefit provided by the Plan, the Company will pay for all legal fees and expenses incurred by such Participant in the course of such action.

7.2 Employment Status. The Plan does not constitute a contract of employment or impose on the Participant or the Company or any of its Subsidiaries any obligation to retain the Participant as an employee, to change the status of the Participant's employment, or to change the

7.3 Validity and Severability. The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect, and any prohibition or enforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.4 Governing Law. The validity, interpretation, construction and performance of the Plan shall in all respects be governed by the laws of the Delaware, other than the conflict of law provisions of such laws.

7.5 Compliance with Code Section 409A. Notwithstanding any other provision on this Plan, any amount that would be payable hereunder during the six-month period beginning on his Date of Termination to a Participant who is a "specified employee" as defined in Section 409A(a)(2)(B)(i) and which would not otherwise be exempt from the application of Section 409A(a)(2)(B) of the Code shall be withheld and paid instead on the six (6) month anniversary of the Date of Termination. For purposes of Section 409A of the Code, each individual payment required to be made under this Plan shall be treated as a separate payment from all other such payments.

Subsidiaries of DENTSPLY International Inc (the "Company") - 2010

A. Direct Subsidiaries of the Company

1) DENTSPLY Prosthetics U.S. LLC (Delaware)

2) GAC International LLC (New York)
    - a) Orthodental International, Inc.
    - b) Orthodental S.A. de C.V. (Mexico)

3) DENTSPLY Finance Co. (Delaware)
    - a) Dentsply Chile Comercial Limitada (Chile)
    - b) Dentsply Germany Investments GmbH (Germany)
        - 1) Dentsply Luxembourg, S.a.r.l. (Luxembourg)
        - 2) Ceramco Manufacturing B.V. (Netherlands)
        - 3) ESHealthcare NV (Belgium)
            - (a) ES Holding (Belgium)
            - (b) ES Tooling (Belgium)
        - 4) Lomberg BV (Netherlands)
        - 5) Dentsply Germany Holdings GmbH (Germany)
            - (a) VDW GmbH (Germany)
            - (b) Dentsply DeTrey GmbH (Germany)
            - (c) Friadent GmbH (Germany)
            - (d) DeguDent GmbH (Germany)
                - (i) Ducera Dental Verwaltungs-ges.m.b.H. (Germany)
            - (e) Elephant Dental GmbH (Germany)
        - 6) Zhermack International S.a.r.l. (Luxembourg) (57.89%)
            - (a) Zhermack SpA (Italy)
                - (i) Zhermack GmbH (Germany)
                - (ii) Zhermapol SP (Poland)
                - (iii) Zhermack, Inc. (US – Nevada)
            - (b) Zhermack Holland

4) DENTSPLY North America LLC (Delaware)

5) Dentsply Argentina S.A.C.e.I. (Argentina)

6) DeTrey do Brasil Industria e Comercio Ltda. (Brazil)

7) Dentsply Mexico S.A. de C.V. (Mexico)

8) Dentsply India Pvt. Ltd. (India)

9) Dentsply (Philippines) Inc. (Philippines)

10) Dentsply (Thailand) Ltd. (Thailand)

11) Dentsply Dental (Tianjin) Co. Ltd. (China)

12) Dentsply Tianjin International Trading Co. Ltd. (China)

13) Dentsply Korea Limited

14) Ceramco Europe Limited (Cayman Islands)
    - a) Ceramco UK Limited (Dormant)

15) Dentsply LLC (Delaware)

16) DSHealthcare Inc. (Delaware)

17) TDP NT LLC (Delaware)

18) Raintree Essix Inc. (Delaware)

19) Dentsply Israel Ltd.

20) Ransom & Randolph Company (Delaware)

21) EndoAction Inc.

22) Osteointegration Materials LLC (Delaware)

23) Dentsply Friadent Turkey (Istanbul)

24) Tulsa Dental Products LLC (Delaware)
    a) Tulsa Finance Co. (Delaware)

25) Dentsply Canada Ltd. (Canada (Ontario))

26) The International Tooth Co. Limited (United Kingdom)

27) Dentsply Services (Switzerland) S.a.r.l. (Switzerland)

28) Prident International, Inc. (California)
    a) Prident (Shanghai) Dental Medical Devices Co., Ltd. (China)

29) Dentsply Espana SL (Spain)

30) DENTSPLY Holding Company
    a) DENTSPLY-Sankin K.K. (Japan)
        1) Sankin Laboratories K.K. (Japan)
    b) DeguDent Industria e Comercio Ltda. (Brazil)
        1) DeguDent da Amazonia Industria e Comercio Ltda. (Brazil)
        2) Degpar Participacoes e Empreendimentos S.A. (Brazil)
            (a) DLA Pharmaceutical Ltda. (Brazil)
            (b) DPLA Participacoes Ltda. (Brazil)
    c) Dentsply Industria e Comercio Ltda. (Brazil)
    d) Dentsply EU Holding S.a.r.L (Luxembourg)
        1) Dentsply Europe S.a.r.l. (Luxembourg)
            (a) Dentsply Investments KG (Germany)
            (b) Dentsply Sweden AB (Sweden)
        2) Dentsply Friadent Espana SA (Spain)
    e) Dentsply Switzerland Holdings SA (Switzerland)
        1) Maillefer Instruments Holding S.a.r.l. (Switzerland)
            (a) Maillefer Instruments Trading S.a.r.l. (Switzerland)
            (b) Maillefer Instruments Consulting S.a.r.l. (Switzerland)
            (c) Maillefer Instruments Manufacturing S.a.r.l. (Switzerland)
            (d) GAC, SA (Switzerland)
                (i) GAC Deutschland GmbH (Germany)
                (ii) GAC Norge Sa (Norway)
                (iii) SOF SA (France)

f) Dentsply Australia Pty. Ltd. (Australia (Victoria))
  1) Dentsply (NZ) Limited (New Zealand)

g) PT Dentsply Indonesia (Indonesia)
h) Dentsply CE S.a.r.l. (Luxembourg)

31) Dentsply (Singapore) Pte. Ltd. (Singapore)

32) GAC International Asia Pte. Ltd. (Singapore)

B. <u>Subsidiaries of Dentsply Europe S.a.r.L.</u>

1) Elephant Dental B.V. (Netherlands)
  a) Cicero Dental Systems B.V. (Netherlands)
  b) DeguDent Benelux B.V. (Netherlands)
  c) Dental Trust B.V. (Netherlands)
  d) Materialise Dental NV (40%) (Netherlands)

2) DeguDent Austria Handels GmbH (Austria)

3) Dentsply Limited (Cayman Islands)
  a) Dentsply Holdings Unlimited (U.K.)
  b) Dentsply Russia Limited (U.K.)
  c) Amalco Holdings Ltd (U.K., Dormant)
  d) Keith Wilson Limited (U.K., Dormant)
  e) Oral Topics Limited (U.K., Dormant)
  f) AD Engineering Company Limited (Dormant)

4) Dentsply Italia SrL (Italy)

5) Dentsply France S.A.S. (France)

6) Dentsply South Africa (Pty) Limited (South Africa)

7) Friadent Schweiz AG (Switzerland)

8) Dentsply Friadent Benelux N.V. (Belgium)

9) Dentsply Friadent Scandinavia (Denmark)

10) Friadent Brasil Ltda. (Brazil)

11) Dentsply DeTrey Sarl (Switzerland)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-8 (No. 333-101548 and 333-56093) of DENTSPLY International Inc of our report dated February 22, 2010 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
February 22, 2010

Exhibit 31.1

Section 302 Certifications Statement

I, Bret W. Wise, certify that:

1. I have reviewed this Form 10-K of DENTSPLY International Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles:

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

Date: February 22, 2010

Exhibit 31.2

Section 302 Certifications Statement

I, William R. Jellison, certify that:

1. I have reviewed this Form 10-K of DENTSPLY International Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles:

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ William R. Jellison
William R. Jellison
Senior Vice President and
Chief Financial Officer

Date: February 22, 2010

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, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), We, Bret W. Wise, Chairman of the Board of Directors and Chief Executive Officer of the Company and William R. Jellison, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge and belief:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of the date of the Report.

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

/s/ William R. Jellison
William R. Jellison
Senior Vice President and
Chief Financial Officer

Date: February 22, 2010