

DENTSPLY INTERNATIONAL INC /DE/
Form 10-K
February 18, 2011

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, 2010
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 No

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).
Yes No

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

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

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

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

Yes No

The aggregate market value of the voting common stock held by non-affiliates of the registrant computed by reference to the closing price as of the last business day of the registrants most recently completed second quarter June 30, 2010, was \$4,482,457,185.

The number of shares of the registrant's Common Stock outstanding as of the close of business on February 14, 2011 was 142,145,313.

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 2011 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

Forward-Looking Statements

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," "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 which dates its history to 1899, believes it is the world's largest designer, developer, manufacturer and marketer of a broad range of professional dental products, with a primary focus on dental consumable products, dental laboratory products and dental specialty products. The Company's worldwide headquarters and executive offices are located in York, Pennsylvania.

Consolidated net sales, excluding precious metal content, of the Company's dental products accounted for approximately 97% of DENTSPLY's consolidated net sales, excluding precious metal content, for the year ended December 31, 2010. 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, 2010, 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 2010, 2009 and 2008, the Company's net sales, excluding precious metal content, to customers outside the U.S., including export sales, accounted for approximately 63%, 62% and 62%, 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.

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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, 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. Net sales of dental consumable products, excluding precious metal content, accounted for approximately 35%, 35% and 34% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2010, 2009 and 2008, 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 16%, 17% and 18% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2010, 2009 and 2008, 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 46%, 45% and 45% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2010, 2009 and 2008, 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 55% of its dental products through domestic and foreign distributors, dealers and importers. However, certain highly technical products such as precious metal dental alloys, dental ceramics, crown and bridge porcelain products, endodontic instruments and materials, orthodontic appliances, implants, and bone substitute and grafting materials are sold directly to the dental laboratory or dental professionals in some markets. During 2010, 2009 and 2008, one customer, Henry Schein Incorporated, a dental distributor, accounted for 11% of DENTSPLY's consolidated net sales. No other single customer represented ten percent or more of DENTSPLY's consolidated net sales during 2010, 2009 or 2008.

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.

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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 2,800 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, dental care is increasingly focused upon preventive care and specialized dentistry. In addition to basic procedures, such as excavation of teeth and filling of cavities, tooth extraction and denture replacement, 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 excavation of teeth 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.

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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 focus efforts on successfully launching innovative products that represent fundamental change.

New advances in technology are also anticipated to have a significant influence on future products in dentistry. 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 \$49.4 million, \$50.3 million and \$48.5 million for 2010, 2009 and 2008, 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. The year-over-year comparisons for 2010 versus 2009 and 2009 versus 2008 were both impacted by foreign currency translation which decreased the reported expense variations.

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 2010, the Company purchased an initial ownership interest of 16% of the outstanding shares in DIO Corporation ("DIO"), a Korean manufacturer of dental implants and various other dental devices and materials. Additionally, in 2010, the Company purchased several small distributors of dental specialty products and a small dental equipment manufacturer. These businesses are located in Europe and in Asia.

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 lower costs.

Financing

DENTSPLY's cash, cash equivalents and short-term investments increased by \$89.7 million during the year ended December 31, 2010 to \$540.1 million. DENTSPLY's total long-term debt, including the current portion, at December 31, 2010 and 2009 was \$606.5 million and \$453.7 million, respectively, and the ratios of long-term debt, including the current portion, to total capitalization were 24.1% and 16.9%. DENTSPLY defines total capitalization as the sum of total long-term debt, including the current portion, plus total equity. The Company's long-term debt, including the

current portion, increased by a net of \$152.8 million during the year ended December 31, 2010. This net change included a net increase in borrowings of \$126.5 million during the year ended 2010, plus an increase of \$26.3 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. After the FDA issued this regulation, several petitions were filed asking the FDA to reconsider its position. Another advisory panel was established by the FDA to consider these petitions. Hearings of the advisory panel were held in December 2010. The FDA has taken no action, as of the filing date of this Form 10-K, from this latest advisory panel meeting.

In Europe, particularly in Scandinavia and Germany, the contents of mercury in amalgam filling materials have been the subject of public discussion. As a consequence, in 1994 the German health authorities required suppliers of dental amalgam to amend the instructions for use 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.

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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, 2010, the Company and its subsidiaries employed approximately 9,700 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 consolidated net sales and net income. 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 SEC.

The public may read and copy any materials the Company files with the U. S. Securities and Exchange Commission (“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>).

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Item 1A. Risk Factors

The following are the significant risk factors that could materially impact DENTSPLY's business, financial condition or future results. The order in which these factors appear should not be construed to indicate 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 DENTSPLY 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. 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 required by the Company. The cost of or lack of available credit could impact the Company's ability to develop sufficient liquidity to maintain or grow the Company, which in turn may adversely affect the Company's businesses and results of operations, financial condition and liquidity.

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

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

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

DENTSPLY experiences fluctuations in quarterly sales and earnings due to a number of factors, many of which are substantially outside of the Company's control, including:

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

As a result, the Company may fail to meet the expectations of securities analysts and investors, which could cause its stock price to decline. The quarterly fluctuations generally result in net sales and operating profits historically being higher in the second and fourth quarters. The Company typically implements most of its price changes early in the fourth quarter or beginning of the year. These price changes, other marketing and promotional programs, which are offered to customers from time to time in the ordinary course of business, the management of inventory levels by distributors and the implementation of strategic initiatives, may impact sales levels in a given period. Net sales and operating profits generally have been lower in the first and third quarters, primarily due not only to increased sales in the quarters preceding these quarters, but also due to the impact of 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 ("NASDAQ") can experience extreme price and volume fluctuations that can be unrelated or disproportionate to the operating performance of the companies listed on the NASDAQ. Broad market and industry factors may negatively affect the market price of the Company's common stock, regardless of actual operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against companies. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which could harm the Company's business.

The dental 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.

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

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

The Company may fail to comply with applicable government regulations.

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

The regulatory review process which must be completed prior to marketing a new medical device, may delay or hinder a product's timely entry into the marketplace. Moreover, there can be no assurance that the review or approval process for these products by the FDA or any other applicable governmental authority will occur in a timely fashion, if at all, or that additional regulations will not be adopted or current regulations amended in such a manner as will adversely affect the Company. The FDA also oversees the content of advertising and marketing materials relating to medical devices which have received FDA clearance. Failure to comply with the FDA's advertising guidelines may result in the withdrawal of products or imposition of penalties.

DENTSPLY's business operations are also subject to periodic review and inspection by the FDA and other domestic government authorities 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. DENTSPLY also manufactures and sells non-amalgam dental filling materials that do not contain mercury.

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

business and results of operation may be harmed.

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.

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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 and claims.

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

Various parties, including the Company, own and maintain patents and other intellectual property rights applicable to the dental 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.

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

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

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

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

The Company's success is dependent upon its management and employees. The loss of senior management employees or 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 senior management believes that the Company has and will continue to have sufficient liquidity, there can be no assurance that DENTSPLY's business will generate sufficient cash flow from operations in the future to service its debt, pay its contractual obligations and operate its business.

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

DENTSPLY's existing borrowing documentation contains a number of covenants and financial ratios, which it is required to satisfy. 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, among others, 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

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Item 2. Properties

The following is a listing of DENTSPLY's principal manufacturing and distribution locations as of December 31, 2010:

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, dental consumable products and endodontic material	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 (4)	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
Mexicali, Mexico (3)	Manufacture and distribution of orthodontic products and materials	Leased
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.

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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. Removed and Reserved

Executive Officers of the Registrant

The following table sets forth certain information regarding the executive officers of the Company as of February 18, 2011.

Name	Age	Position
Bret W. Wise	50	Chairman of the Board and Chief Executive Officer
Christopher T. Clark	49	President and Chief Operating Officer
William R. Jellison	53	Senior Vice President and Chief Financial Officer
James G. Mosch	53	Executive Vice President
Robert J. Size	52	Senior Vice President
Albert J. Sterkenburg	47	Senior Vice President
Brian M. Addison	56	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.

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

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.

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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 22,000,000 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, 2010.

(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, 2010	-	\$ -	\$ -	1,328.0
November 1-30, 2010	500.0	30.91	15,457.0	904.1
December 1-31, 2010	-	-	-	959.9
	500.0	\$ 30.91	\$ 15,457.0	

Performance Graph

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

	12/05	12/06	12/07	12/08	12/09	12/10
DENTSPLY International Inc.	100.00	111.73	169.23	106.73	133.79	130.78
NASDAQ Composite	100.00	111.74	124.67	73.77	107.12	125.93
S&P 500	100.00	115.80	122.16	76.96	97.33	111.99
S&P Health Care	100.00	107.53	115.22	88.94	106.46	109.55

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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, 2010 that have materially affected, or are likely to materially affect, its internal control over financial reporting.

Item 9B. Other Information

Not applicable.

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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 2011 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 17405.

Item 11. Executive Compensation

The information set forth under the caption “Report on Executive Compensation” in the 2011 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 2011 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 2011 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 2011 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, 2010, 2009 and 2008

Consolidated Balance Sheets - December 31, 2010 and 2009

Consolidated Statements of Equity and Comprehensive Income - Years ended December 31, 2010, 2009 and 2008

Consolidated Statements of Cash Flows - Years ended December 31, 2010, 2009 and 2008

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 (5)
3.2	By-Laws, as amended (Filed herewith)
4.1	(a) United States Commercial Paper Issuing and paying Agency Agreement dated as of August 12, 1999 between the Company and the Chase Manhattan Bank (2)
	(b) United States Commercial Paper Dealer Agreement dated as of March 28, 2002 between the Company and Salomon Smith Barney Inc. (6)
	(c) Japanese Yen Term Loan Agreement, due March 28, 2012 dated as of July 31, 2008 (9)
4.3	Revolving Credit Agreement dated as of May 7, 2010 final maturity in May 2013, among the Company, the Initial Lenders named therein, the banks named therein, J.P. Morgan Chase Bank, N.A. as Administrative Agent, Wells Fargo Bank, N. A. as Syndication Agent, Citibank, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd. And Commerzbank AG, New York and Grand Cayman branches as Co-Documentation Agents, and J.P. Morgan Securities Inc. and Wells Fargo Securities, LLC as Joint Bookrunners and Joint Lead Arrangers. (Filed herewith)
4.4	

- Private Placement Note Purchase Agreement, due February 19, 2016 dated as of October 16, 2009 (10)
- 4.5 Swiss Franc Term Loan Agreement, due March 1, 2012 dated as of February 24, 2010 (Filed herewith)
- 10.1 1998 Stock Option Plan (1)
- 10.2 2002 Amended and Restated Equity Incentive Plan (8)
- 10.3 Restricted Stock Unit Deferral Plan (7)
- 10.4 (a) Trust Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price Trust Company dated as of November 1, 2000 (3)
- (b) Plan Recordkeeping Agreement for the Company's Employee Stock Ownership Plan between the Company and T. Rowe Price Trust Company dated as of November 1, 2000 (3)
- 10.5 DENTSPLY Supplemental Saving Plan Agreement dated as of December 10, 2007 (8)

10.6	Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Bret W. Wise* (8)
10.7	Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Christopher T. Clark* (8)
10.8	Amended and Restated Employment Agreement entered February 19, 2008 between the Company and William R. Jellison* (8)
10.9	Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Brian M. Addison* (8)
10.10	Amended and Restated Employment Agreement entered February 19, 2008 between the Company and James G. Mosch* (8)
10.11	Amended and Restated Employment Agreement entered February 19, 2008 between the Company and Robert J. Size* (8)
10.12	Amended and Restated Employment Agreement entered January 1, 2009 between the Company's subsidiary, DeguDent GMBH and Albert Sterkenburg* (9)
10.13	DENTSPLY International Inc. Directors' Deferred Compensation Plan effective January 1, 2007, as amended* (9)
10.14	Board Compensation Arrangement*(10)
10.15	Supplemental Executive Retirement Plan effective January 1, 1999, as amended January 1, 2008* (9)
10.16	Written Description of the Amended and Restated Incentive Compensation Plan* (9)
10.17	AZ Trade Marks License Agreement, dated January 18, 2001 between AstraZeneca AB and Maillefer Instruments Holdings, S.A. (3)
10.18	(a) Precious metal inventory Purchase and Sale Agreement dated November 30, 2001, as amended October 10, 2006 between Bank of Nova Scotia and the Company (7)
	(b) Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between JPMorgan Chase Bank and the Company (4)
	(c) Precious metal inventory Purchase and Sale Agreement dated December 20, 2001 between Mitsui & Co., Precious Metals Inc. and the Company (4)
	(d) Precious metal inventory Purchase and Sale Agreement dated December 15, 2005 between ABN AMRO NV, Australian Branch and the Company (7)
	(e) Precious metal inventory Purchase and Sale Agreement dated January 30, 2002 between Dresdner Bank AG, Frankfurt, and the Company (8)
10.19	Executive Change in Control Plan for foreign executives, as amended December 31, 2008* (10)
10.20	2010 Equity Incentive Plan (Filed herewith)
21.1	Subsidiaries of the Company (Filed herewith)
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 dated June 4, 1998 (No. 333-56093).

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- (2) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 1999, File No. 0-16211.
- (3) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2000, File No. 0-16211.
- (4) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2001, File No. 0-16211.
- (5) Incorporated by reference to exhibit included in the Company's Registration Statement on Form S-8 dated November 27, 2002 (No. 333-101548).
- (6) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2002, File No. 0-16211.
- (7) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2006, File no. 0-16211.
- (8) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2007, File No. 0-16211.
- (9) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2008, File No. 0-16211
- (10) Incorporated by reference to exhibit included in the Company's Form 10-K for the fiscal year ended December 31, 2009, File no. 0-16211.

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 and 2008

(in thousands)	Balance at Beginning of Period	Additions		Write-offs Net of Recoveries	Translation Adjustment	Balance at End of Period
		Charged (Credited) To Costs And Expenses	Charged to Other Accounts			
Allowance for doubtful accounts:						
For Year Ended December 31,						
2008	\$ 18,578	\$ 3,674	\$ (348)	\$ (1,705)	\$ (1,350)	\$ 18,849
2009	18,849	(3,124) (a)	17	(4,253)	746	12,235
2010	12,235	(233)	111	(2,611)	(682)	8,820
Allowance for trade discounts:						
For Year Ended December 31,						
2008	\$ 307	\$ 267	\$ 4	\$ -	\$ (59)	\$ 519
2009	519	505	-	-	79	1,103
2010	1,103	655	-	(970)	21	809
Inventory valuation reserves:						
For Year Ended December 31,						
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
2010	31,932	6,590	760	(3,652)	(161)	35,469
Deferred tax asset valuation allowance:						
For Year Ended December 31,						
2008	\$ 50,250	\$ 603	\$ -	\$ (13,203) (b)	\$ (909)	\$ 36,741
2009	36,741	13,419	-	-	1,649	51,809
2010	51,809	29,642	-	-	(6,059)	75,392

(a) See Note 1, Significant Accounting Policies, to the consolidated financial statements, for further discussion.

(b) 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,				
	2010	2009	2008	2007	2006
Statement of Operations Data:					
Net sales	\$ 2,221,014	\$ 2,159,378	\$ 2,191,465	\$ 2,009,833	\$ 1,810,496
Net sales, excluding precious metal content	2,031,757	1,990,666	1,991,542	1,819,899	1,623,074
Gross profit	1,130,158	1,106,363	1,147,900	1,040,783	929,011
Restructuring and other costs	10,984	6,890	32,355	10,527	7,807
Operating income	380,273	381,243	380,461	354,891	314,794
Income before income taxes	357,656	363,356	354,873	358,192	314,837
Net Income	267,335	274,412	283,270	259,654	223,718
Net income attributable to DENTSPLY International	\$ 265,708	\$ 274,258	\$ 283,869	\$ 259,654	\$ 223,718
Earnings per common share:					
Basic	\$ 1.85	\$ 1.85	\$ 1.90	\$ 1.71	\$ 1.44
Diluted	\$ 1.82	\$ 1.83	\$ 1.87	\$ 1.68	\$ 1.41
Cash dividends declared per common share					
	\$ 0.200	\$ 0.200	\$ 0.185	\$ 0.165	\$ 0.145
Weighted Average Common Shares Outstanding:					
Basic	143,980	148,319	149,069	151,707	155,229
Diluted	145,985	150,102	151,679	154,721	158,271
Balance Sheet Data:					
Cash and cash equivalents	\$ 540,038	\$ 450,348	\$ 204,249	\$ 316,323	\$ 65,143
Property, plant and equipment, net	423,105	439,619	432,276	371,409	329,616
Goodwill and other intangibles, net	1,381,798	1,401,682	1,380,744	1,203,587	1,063,030
Total assets	3,257,951	3,087,932	2,830,400	2,675,569	2,181,350
Total debt and notes payable	611,769	469,325	449,474	483,307	370,156
Equity	1,909,912	1,906,958	1,659,413	1,516,106	1,273,835
Return on average equity	13.9%	15.4%	17.9%	18.6%	17.8%
Long-term debt to total capitalization	24.1%	16.9%	20.3%	24.1%	22.4%
Other Data:					
Depreciation and amortization	\$ 66,340	\$ 65,175	\$ 56,929	\$ 50,289	\$ 47,434
Cash flows from operating activities	362,324	362,489	335,981	387,697	271,855
Capital expenditures	44,236	56,481	76,440	64,163	50,616
Interest expense (income), net	20,835	16,864	15,438	(2,645)	(1,683)
Inventory days	100	99	103	92	94
Receivable days	54	55	54	51	57
Effective tax rate	25.0%	24.5%	20.2%	27.5%	28.9%

Item 7.

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

OVERVIEW

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") is intended to help the reader understand the Company's operations and present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, the Consolidated Financial Statements and Notes to Consolidated Financial Statements contained in Item 8 of this Form 10-K. The following discussion includes forward-looking statements that involve certain risks and uncertainties. See "Forward-Looking Statements" in Item 1 of this Form 10-K. This overview summarizes the MD&A, which includes the following sections:

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

BUSINESS

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.

Principal 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 including product pricing and cost controls; (4) the development, introduction and contribution of innovative new products; and (5) growth through acquisition.

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

Management believes that an average internal growth rate of 4% to 6% is a long-term targeted 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 2011 due to the current economic conditions. Historical trends show that growth in the dental industry generally performs better than the overall economy; however, it typically lags the economic trend going into and coming out of slower growth or recessionary periods. There can be no assurance that the Company's assumptions concerning the growth rates in its markets or the general dental market

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.

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.

The Company has always maintained a focus on minimizing costs and achieving operational efficiencies. Management continues to evaluate the consolidation of operations or functions to reduce the cost. 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.

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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 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.

Impact of Foreign Currencies

Due to the international nature of DENTSPLY's business, movements in foreign exchange rates may impact the consolidated statements of operations. With over 60% of the Company's sales located in regions outside the U.S., the Company's consolidated net sales are impacted negatively by the strengthening or positively by the weakening of the U.S. dollar. Additionally, movements in certain foreign exchange rates may unfavorably or favorably impact the Company's gross profit, certain operating expenses, interest expense, interest income, other expense and other income, as well as the assets and liabilities.

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

2010 Compared to 2009

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,		\$ Change	% Change
	2010	2009		
Net sales	\$ 2,221.0	\$ 2,159.4	\$ 61.6	2.9%
Less: Precious metal content of sales	189.2	168.7	20.5	12.2%
Net sales, excluding precious metal content	\$ 2,031.8	\$ 1,990.7	\$ 41.1	2.1%

The 2.1% increase in net sales, excluding precious metal content, included constant currency growth of 2.6%, offset by currency translation, which reduced net sales, excluding precious metal content, by 0.5%. The constant currency sales growth was comprised of internal growth of 2.1% and acquisition growth of 0.5%.

Constant Currency Sales Growth

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

	Year Ended December 31, 2010			
	United States	Europe	All Other Regions	Worldwide
Internal sales growth	0.1%	2.9%	4.1%	2.1%
Acquisition sales growth	-	0.8%	0.6%	0.5%
Constant currency sales growth	0.1%	3.7%	4.7%	2.6%

	Year Ended December 31, 2009			
	United States	Europe	All Other Regions	Worldwide
Internal sales growth	(1.7)%	(3.8)%	0.3%	(2.1)%
Acquisition sales growth	1.0%	7.8%	4.3%	4.4%
Constant currency sales growth	(0.7)%	4.0%	4.6%	2.3%

United States

During 2010, net sales, excluding precious metal content, were slightly positive, at 0.1% in the U. S. on a constant currency and internal growth basis. Growth in dental specialty and dental consumable sundry products, along with a strong recovery in non-dental sales were offset by lower sales in dental laboratory and dental consumable small equipment products.

Europe

During 2010, net sales, excluding precious metal content, increased 3.7% in Europe on a constant currency basis, including 2.9% internal growth and acquisition growth of 0.8%. Internal sales growth was primarily driven by growth in the dental consumables, dental specialty and non-dental products and a business recovery in the CIS markets, which experienced customer liquidity constraints during 2009. These gains were partially offset by lower sales in the dental laboratory products.

All Other Regions

During 2010, net sales, excluding precious metal content, increased 4.7% across all other regions on a constant currency basis, including 4.1% internal growth and acquisition growth of 0.6%. Internal sales growth was driven primarily by growth in dental specialty products, as well as increases for dental consumable and non-dental products.

Gross Profit

(in millions)	Year Ended December 31,		
	2010	2009	\$ Change

				%
				Change
Gross profit	\$ 1,130.2	\$ 1,106.4	\$ 23.8	2.2%
Gross profit as a percentage of net sales, including precious metal content	50.9%	51.2%		
Gross profit as a percentage of net sales, excluding precious metal content	55.6%	55.6%		

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Gross profit as a percentage of net sales, excluding precious metal content, was flat during 2010 compared to 2009. Product price increases and cost containment across the Company's product distribution function were offset by unfavorable product mix and negative foreign currency movements.

Expenses

Selling, General and Administrative ("SG&A") Expenses

(in millions)	Year Ended December 31,		\$ Change	% Change
	2010	2009		
SG&A expenses	\$ 738.9	\$ 718.2	\$ 20.7	2.9%
SG&A expenses as a percentage of net sales, including precious metal content	33.3%	33.3%		
SG&A expenses as a percentage of net sales, excluding precious metal content	36.4%	36.1%		

The increase in SG&A expenses as a percentage of net sales, excluding precious metal content, from 2009 to 2010 was primarily due to new investments in certain businesses, increased spending in support of new product introductions, reinstatement of annual salary increases and increases in certain discretionary spending categories, such as travel expenses, partially offset by benefits from expense reductions in other areas of the business. The Company continues to maintain its focus on reducing costs and achieving operational efficiencies through the consolidation of operations or functions where opportunities exist.

Restructuring and Other Costs

(in millions)	Year Ended December 31,		\$ Change	% Change
	2010	2009		
Restructuring and other costs	\$ 11.0	\$ 6.9	\$ 4.1	NM

NM- not meaningful

The Company recorded net restructuring and other costs of \$11.0 million in 2010 compared to \$6.9 million in 2009. The Company incurred \$5.8 million of costs related to several restructuring plans. These costs consist of employee severance benefits, payments due under operating contracts and other restructuring costs. The restructuring plans related to the continued effort to streamline the Company's operations to better leverage the Company's resources by reducing costs and obtaining operational efficiencies. Additionally the Company recorded certain other costs of \$5.2 million of which \$3.7 million was related to legal matters.

In 2009, the Company incurred \$5.9 million of costs 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.

Other Income and Expenses

(in millions)	Year Ended December 31,		\$ Change
	2010	2009	
Net interest expense	\$ 20.8	\$ 16.9	\$ 3.9
Other expense, net	1.8	1.0	0.8
Net interest and other expense	\$ 22.6	\$ 17.9	\$ 4.7

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Net Interest Expense

The change in net interest expense in 2010 compared to 2009, for the year ended December 31, was mainly the result of higher average debt levels in the U.S., and lower cash levels due as a result of stock repurchases and investments in acquisitions combined with weaker average euro exchange and lower average euro interest rates on higher average euro cash balances. Interest income decreased \$0.7 million on lower average interest rates on euro investment balances which were 50 basis points lower in the current year than the prior year and the U.S. dollar was 7% stronger against the euro. Interest expense increased \$3.2 million on higher average debt partially offset by lower interest rate difference on 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 2010 period included approximately \$3.3 million of currency transaction losses and \$1.5 million of other non-operating income. The 2009 period included \$0.3 million of currency transaction losses and \$0.7 million of other non-operating costs.

Income Taxes and Net Income

(in millions, except per share amounts)	Year Ended December 31,		
	2010	2009	\$ Change
Effective income tax rate	25.0%	24.5%	
Equity in net loss of unconsolidated affiliated company	\$ (1.1)	\$ -	\$ (1.1)
Net income (loss) attributable to noncontrolling interests	\$ 1.6	\$ 0.2	\$ 1.4
Net income attributable to DENTSPLY International	\$ 265.7	\$ 274.3	\$ (8.6)
Diluted earnings per common share	\$ 1.82	\$ 1.83	

Income Taxes

The Company's effective income tax rates for 2010 and 2009 were 25.0% and 24.5%, respectively. In 2010, the Company's effective income tax rate included the impact of restructuring and other costs, acquisition related activity, provisions for a credit risk adjustment to outstanding derivatives and various income tax adjustments, which impacted income before income taxes and the provision for income taxes by \$14.9 million and \$3.3 million, respectively. In 2009, the Company's effective income tax rate included the impact of restructuring 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 2009, various income tax adjustments included the impact of settlements with taxing authorities and statutes closures.

Equity in net loss of unconsolidated affiliated company

The Company's 16% ownership investment of DIO Corporation on December 9, 2010 resulted in a net loss of \$1.1 million on an after-tax basis for 2010. The net loss of DIO was the result of mark-to-market charges related to the derivative accounting for the convertible bonds issued by DIO to DENTSPLY. The Company's portion of the mark-to-market net loss incurred by DIO was approximately \$1.1 million.

Net income (loss) attributable to noncontrolling interests

The portion of consolidated net income attributable to noncontrolling interests increased \$1.4 million from 2009 to 2010. The increase is primarily attributable to the strengthening performance of the Company's Zhermack division, where the Company has had a 60% ownership investment since December 2008.

Net income attributable to DENTSPLY International

In addition to the results reported in accordance with US GAAP, the Company provides adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share. These adjusted amounts consist of US GAAP amounts excluding (1) restructuring and other costs, (2) acquisition related charges, (3) loss on a derivative at an unconsolidated affiliated company, (4) income tax related adjustments, and (5) credit risk adjustment to outstanding derivatives. Adjusted earnings per diluted common share is calculated by dividing adjusted net income attributable to DENTSPLY International by diluted weighted-average common shares outstanding. Adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share are considered measures not calculated in accordance with US GAAP, and therefore are non-US GAAP measures. These non-US GAAP measures may differ from other companies.

The Company believes that the presentation of adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share provides important supplemental information to management and investors seeking to understand the Company's financial condition and results of operations. The non-US GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with US GAAP.

(in thousands, except per share amounts)	Year Ended December 31, 2010	
	Income (Expense)	Per Diluted Common Share
Net income attributable to DENTSPLY International	\$ 265,708	\$ 1.82
Restructuring and other costs, net of tax and noncontrolling interests	7,139	0.05
Acquisition related activities, net of tax and noncontrolling interests	2,152	0.01
Loss on derivative at an unconsolidated affiliated company	1,131	0.01
Income tax related adjustments	1,073	0.01
Credit risk adjustment to outstanding derivatives, net of tax	732	0.01
Rounding	-	(0.01)
Adjusted non-US GAAP earnings	\$ 277,935	\$ 1.90

(in thousands, except per share amounts)	Year Ended December 31, 2009	
	Income (Expense)	Per Diluted Common Share
Net income attributable to DENTSPLY International	\$ 274,258	\$ 1.83
Restructuring and other costs, net of tax and noncontrolling interests	5,075	0.03
Acquisition related activities, net of tax and noncontrolling interests	1,830	0.01
Income tax related adjustments	(5,423)	(0.03)
Adjusted non-US GAAP earnings	\$ 275,740	\$ 1.84

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 2010, 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.

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Net Sales, Excluding Precious Metal Content (in millions)	Year Ended December 31,			
	2010	2009	\$ Change	% Change
U.S., Germany and Certain Other European Regions Consumable Businesses	\$ 526.8	\$ 526.7	\$ 0.1	-
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	\$ 445.6	\$ 436.8	\$ 8.8	2.0%
Canada/Latin America/Endodontics/ Orthodontics	\$ 662.6	\$ 618.4	\$ 44.2	7.1%
Dental Laboratory Business/ Implants/Non-Dental	\$ 400.1	\$ 412.2	\$ (12.1)	(2.9)%
Segment Operating Income (in millions)	Year Ended December 31,			
	2010	2009	\$ Change	% Change
U.S., Germany and Certain Other European Regions Consumable Businesses	\$ 176.1	\$ 158.4	\$ 17.7	11.2%
France, U.K., Italy and Certain Other European Countries, CIS, Middle East, Africa, Pacific Rim Businesses	\$ 17.2	\$ 19.7	\$ (2.5)	(12.7)%
Canada/Latin America/Endodontics/ Orthodontics	\$ 195.8	\$ 185.8	\$ 10.0	5.4%
Dental Laboratory Business/ Implants/Non-Dental	\$ 83.4	\$ 92.6	\$ (9.2)	(9.9)%

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

Net sales, excluding precious metal content, were unchanged between the years ended December 31, 2010 and 2009. On a constant currency basis, net sales, excluding precious metals content, increased 1.6%, which included positive endodontic sales and dental consumable product sales, excluding small equipment, where 2009 was favorably impacted by increased net sales from promotional activities.

Operating income increased \$17.7 million during the year ended December 31, 2010 compared to 2009. Operating income was positively impacted by gross profit, which was a result of higher net sales in European consumables markets, improved manufacturing performance and an increase in sales price. Additionally, the 2009 results included a roll-off of inventory step-up related to acquisitions of \$4 million. Operating income was further helped by a \$6 million decrease in selling, general and administrative expenses for 2010, of which half was due to foreign currency translation.

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

Net sales, excluding precious metal content, increased \$8.8 million, or 2.0%, during the year ended December 31, 2010 compared to 2009. On a constant currency basis, net sales, excluding precious metal content, increased \$8.6 million, or 2.0%. This increase is primarily related to the continuing business recovery in the CIS markets.

Operating income decreased \$2.5 million during the year ended December 31, 2010 compared to 2009. The decrease was driven primarily attributable to \$4 million higher expenses for certain investments in emerging markets partially offset by an increase of \$1.5 million in gross profit, primarily due to foreign currency translation.

Canada/Latin America/Endodontics/Orthodontics

Net sales, excluding precious metal content, increased \$44.2 million, or 7.1%, during the year ended December 31, 2010 compared to 2009. On a constant currency basis, net sales, excluding precious metal content, increased by 5.5% primarily driven by dental specialty and non-dental products. In addition, the 5.5% of constant currency growth included 1.1% of acquisition growth.

Operating income increased \$10.0 million during the year ended December 31, 2010 compared to 2009. The increase was driven by a \$25 million increase in gross profit which was primarily from the endodontics business, as well as favorable impacts from foreign currency translation. Offsetting this increase in gross profit was a \$15 million increase in selling, general and administrative costs, which included incremental investments to promote certain dental specialty products, the negative impact of foreign currency translation and increased expenses in the Latin America businesses.

Dental Laboratory Business/Implants/Non-Dental

Net sales, excluding precious metal content, decreased \$12.1 million, or 2.9%, during the year ended December 31, 2010 compared to 2009. On a constant currency basis, net sales, excluding precious metal content were flat as growth in the dental implant and non-dental businesses was offset by the dental laboratory business.

Operating income decreased \$9.2 million during the year ended December 31, 2010 compared to 2009, primarily due to lower operating income in the dental laboratory business.

RESULTS OF OPERATIONS

2009 Compared to 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.

(in millions)	Year Ended December 31,		\$ Change	% Change
	2009	2008		
Net sales	\$ 2,159.4	\$ 2,191.5	\$ (32.1)	(1.5)%
Less: Precious metal content of sales	168.7	200.0	(31.3)	(15.7)%
Net sales, excluding precious metal content	\$ 1,990.7	\$ 1,991.5	\$ (0.8)	-

Net sales, excluding precious metal content, for 2009 was \$1,990.7 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 4.4%, partially offset by internal growth of negative 2.1%. 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 0.7% in the United States on a constant currency basis, including 1.0% acquisition growth and internal growth of negative 1.7%. 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.

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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,		\$ Change	% Change
	2009	2008		
Gross profit	\$ 1,106.4	\$ 1,147.9	\$ (41.5)	(3.6)%
Gross profit as a percentage of net sales, including precious metal content	51.2%	52.4%		
Gross profit as a percentage of net sales, excluding precious metal content	55.6%	57.6%		

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 Expenses

(in millions)	Year Ended December 31,		\$ Change	% Change
	2009	2008		
SG&A expenses	\$ 718.2	\$ 735.1	\$ (16.9)	(2.3)%
SG&A expenses as a percentage of net sales, including precious metal content	33.3%	33.5%		
SG&A expenses as a percentage of net sales, excluding precious metal content	36.1%	36.9%		

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.

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Restructuring and Other Costs

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

NM - Not Meaningful

The Company recorded net restructuring 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. The 2010 restructuring plans and ongoing benefits associated with these plans were immaterial to the current period as well as future periods. The majority of the benefits of the 2009 and 2008 and prior period restructuring plans have been incorporated into the Company's results. While certain restructuring plans continue to be executed, the future benefits of these on the Company's results would be immaterial in the period realized.

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. The Company also expensed \$2.3 million for the fair value of in-process research and development associated with acquired businesses (See Note 14, Restructuring and Other Costs, to the consolidated financial statements).

Other Income and Expenses

(in millions)	Year Ended December 31,		\$ Change
	2009	2008	
Net interest expense (income)	\$ 16.9	\$ 15.4	\$ 1.5
Other expense (income), net	1.0	10.2	(9.2)
Net interest and other expense (income)	\$ 17.9	\$ 25.6	\$ (7.7)

Net Interest Expense (Income)

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 (Income), 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 \$1.3 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.

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Income Taxes and Net Income

(in millions, except per share amounts)	Year Ended December 31,		\$ Change
	2009	2008	
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

In addition to the results reported in accordance with US GAAP, the Company provides adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share. These adjusted amounts consist of US GAAP amounts excluding (1) restructuring and other costs, (2) acquisition related charges, (3) income tax related adjustments, and (4) credit risk adjustments. Adjusted earnings per diluted common share is calculated by dividing adjusted net income attributable to DENTSPLY International by diluted weighted-average common shares outstanding. Adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share are considered measures not calculated in accordance with US GAAP, and therefore are non-US GAAP measures. These non-US GAAP measures may differ from other companies.

The Company believes that the presentation of adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share provides important supplemental information to management and investors seeking to understand the Company's financial condition and results of operations. The non-US GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with US GAAP.

(in thousands, except per share amounts)	Year Ended December 31, 2009	
	Income (Expense)	Per Diluted Common Share
Net income attributable to DENTSPLY International	\$ 274,258	\$ 1.83
Restructuring and other costs, net of tax and noncontrolling interests	5,075	0.03
Acquisition related activities, net of tax and noncontrolling interests	1,830	0.01
Income tax related adjustments	(5,423)	(0.03)

Adjusted non-US GAAP earnings	\$ 275,740	\$ 1.84
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(in thousands, except per share amounts)	Year Ended December 31, 2008	
	Income (Expense)	Per Diluted Common Share
Net income attributable to DENTSPLY International	\$ 283,869	\$ 1.87
Restructuring and other costs, net of tax and noncontrolling interests	19,770	0.13
Credit risk adjustment to outstanding derivatives, net of tax	(1,129)	(0.01)
Income tax related adjustments	(17,055)	(0.11)
Adjusted non-US GAAP earnings	\$ 285,455	\$ 1.88

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	\$ 436.8	\$ 456.2	\$ (19.4)	(4.3)%
Canada/Latin America/Endodontics/Orthodontics	\$ 618.4	\$ 628.9	\$ (10.5)	(1.7)%
Dental Laboratory Business/Implants/Non-Dental	\$ 412.2	\$ 452.4	\$ (40.2)	(8.9)%

Segment Operating Income
(in millions)

	Year Ended December 31,		\$ Change	% Change
	2009	2008		
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	\$ 19.7	\$ 14.5	\$ 5.2	35.9%
Canada/Latin America/Endodontics/Orthodontics	\$ 185.8	\$ 200.1	\$ (14.3)	(7.1)%
Dental Laboratory Business/Implants/Non-Dental	\$ 92.6	\$ 123.4	\$ (30.8)	(25.0)%

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

Net sales, excluding precious metal content, increased \$67.0 million, or 14.6% during the year ended December 31, 2009 compared to 2008. On a constant currency basis, sales increased 15.7%, which was driven primarily by acquisition growth of 14.8%.

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 certain European markets, unfavorable product and geographic sales mix, and currency translation. In addition, the decrease in operating income included the roll-off of a \$4 million 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 by \$5 million.

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

Net sales, excluding precious metal content, decreased \$19.4 million, or 4.3% during the year ended December 31, 2009 compared to 2008, of which negative 2.9% 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 growth of 1.5% and growth in the Pacific Rim businesses of 1.1%.

Operating income increased \$5.2 million during the year ended December 31, 2009 compared to 2008. Gross profit decreased \$2 million primarily due to the negative impact of foreign currency translation and lower sales in the CIS, partially offset by higher sales and gross profit in the Pacific Rim. More than offsetting this decrease in gross profit was a reduction in selling, general and administrative cost of \$7 million, of which, approximately one half was due to foreign currency translation.

Canada/Latin America/Endodontics/Orthodontics

Net sales, excluding precious metal content, decreased \$10.5 million, or 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 the result of a \$19 million decrease in gross profit due to lower sales in non-dental products, unfavorable absorption and a negative impact from foreign currency translations of \$6 million. Partially offsetting this decrease in gross profit is a reduction in selling, general and administrative of \$5 million, primarily due to the impact of foreign currency translation.

Dental Laboratory Business/Implants/Non-Dental

Net sales, excluding precious metal content, decreased \$40.2 million, or 8.9% 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 decreased 5.6%, primarily driven by the lower sales in dental laboratory products, dental implant products and non-dental products partially offset by acquisition growth of 2.2%.

Operating income decreased \$30.8 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 foreign currency translation.

CRITICAL ACCOUNTING JUDGMENTS AND POLICIES

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

Goodwill

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.

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Impairment Assessment

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

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 income before income taxes. 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, 2010, the Company recorded a valuation allowance of \$75.4 million against the benefit of certain deferred tax assets of foreign and domestic subsidiaries.

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

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities during the year ended December 31, 2010 were \$362.3 million compared to \$362.5 million during the year ended December 31, 2009. The decrease of \$0.2 million in the 2010 period compared to 2009 was primarily the result of higher working capital changes of \$19.6 million offset by earnings adjusted for favorable non-cash charges of \$23.2 million. Inventory levels increased by \$37.0 million, which was partially offset by a decrease in accounts receivable of \$22.1 million, in 2010 when compared to 2009. The Company's cash, cash equivalents and short-term investments increased by \$89.7 million during the year ended December 31, 2010 to \$540.1 million.

For the years ended December 31, 2010 and 2009, the number of days for sales outstanding in accounts receivable was 54 days and 55 days, respectively. On a constant currency basis, the number of days sales in inventory was 100 days and 99 days for the years ended December 31, 2010 and 2009, respectively.

Investing activities during 2010 include capital expenditures of \$44.2 million. Activity related to the acquisition of businesses, for the year ended December 31, 2010, totaled \$85.2 million. Investments of \$35.6 million related to the acquisition of several orthodontic and implant distributors in Europe and Asia plus certain final payment on an acquisition from previous years and \$49.6 million to acquire a 56.6 billion South Korea won ("KRW") Convertible Bond related to a minority investment in DIO Corporation, a Korean implant manufacturer. (See Note 3, Business Acquisitions, to the consolidated financial statements).

At December 31, 2010, the Company had authorization to maintain up to 22.0 million shares of treasury stock under its stock repurchase program as approved by the Board of Directors. Under this program, the Company purchased approximately 6.7 million shares, or approximately 4.6% of average diluted shares outstanding, during 2010 at an average price of \$33.36. As of December 31, 2010 and 2009, the Company held 21.0 million and 15.8 million shares of treasury stock, respectively. The Company also received proceeds of \$30.2 million primarily as a result of 1.5 million stock option exercises during the year ended December 31, 2010.

DENTSPLY's total long-term debt, including the current portion, at December 31, 2010 and 2009 was \$606.5 million and \$453.7 million, respectively. The Company's long-term borrowings increased by a net of \$152.8 million during the year ended December 31, 2010. This net change included a net increase in borrowings of \$126.5 million during the year ended 2010, plus an increase of \$26.3 million due to exchange rate fluctuations on debt denominated in foreign currencies. During the year ended December 31, 2010, the Company's ratio of long-term debt, including the current

portion, to total capitalization increased to 24.1% compared to 19.2% at December 31, 2009. DENTSPLY defines total capitalization as the sum of total long-term debt, including the current portion, plus total equity.

On February 19, 2010, the Company received the proceeds of a \$250.0 million Private Placement Note (“PPN”) at a fixed rate of 4.1% for an average term of five years and a final maturity of six years. 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 \$150.0 million U.S. Private Placement Note that matured March 15, 2010.

On March 1, 2010, the Company entered into a Term Loan Agreement (“Term Loan”) with PNC Bank providing for the issuance by the Company of Swiss francs 65.0 million aggregate principal amount of floating rate Senior Term Loan with a final maturity in March 2012. This Term Loan 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 multi-currency revolving credit agreement maturing May 7, 2013. The new Term Loan was used to refinance a loan under the existing multi-currency revolving credit agreement.

On May 7, 2010, the Company entered into a \$200.0 million multi-currency revolving credit agreement (“Revolver”) with a syndicate of eight lenders with a final maturity in May 2013. The multi-currency revolving credit agreement replaced the \$500.0 million multi-currency revolving credit agreement which matured May 9, 2010. This Revolver is unsecured and contains certain affirmative and negative covenants relating to its operations and financial condition of the Company similar in substance to the previous multi-currency revolving credit agreement which matured May 9, 2010. As a consequence of the smaller multi-currency revolving credit agreement, the Company also reduced its U.S. dollar Commercial Paper facility to \$200.0 million in May 2010.

Under its multi-currency revolving credit agreement, the Company is able to borrow up to \$200.0 million through May 7, 2013. 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, 2010, the Company was in compliance with these covenants. The Company also has available an aggregate \$200.0 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 \$200.0 million with \$2.1 million outstanding under the multi-currency facility and \$119.5 million outstanding under the commercial paper facility at December 31, 2010. As of December 31, 2010, the Company has classified \$121.6 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 multicurrency revolver.

The Company entered into new cross currency swaps of Swiss francs 100.0 million and Swiss francs 55.5 million on February 18, 2010 and March 1, 2010 respectively to replace maturing trades. The contracts are designated as net investment hedges. The Company entered into new cross currency swaps of Euros 108.0 million on December 13, 2010 to replace maturing trades. The contracts are designated as net investment hedges.

The Company also has access to \$77.3 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, 2010, \$5.3 million was outstanding under these short-term lines of credit. At December 31, 2010, the Company had total unused lines of credit related to the revolving credit agreement and the uncommitted short-term lines of credit of \$150.5 million.

At December 31, 2010, the Company held \$122.6 million of precious metals on consignment from several financial institutions. These consignment agreements allow the Company to acquire the precious metal at market rates at a point in time, which is approximately the same time, and for the same price as alloys are sold to the Company’s customers. In the event that the financial institutions would discontinue offering these consignment arrangements, and if the Company could not obtain other comparable arrangements, the Company may be required to obtain third party financing to fund an ownership position in the required precious metal inventory levels.

The following table presents the Company's scheduled contractual cash obligations at December 31, 2010:

Contractual Obligations (in thousands)	Less Than	1-3	3-5	Greater	Total
	1 Year	Years	Years	Than 5 Years	
Long-term borrowings	\$ 2,478	\$ 351,956	\$ 176,048	\$ 76,011	\$ 606,493
Operating leases	25,778	27,557	12,107	9,072	74,514
Interest on long-term borrowings, net of interest rate swap agreements	21,948	29,750	11,265	454	63,417

Postretirement obligations	9,467	20,429	22,222	64,131	116,249
Cross currency swaps	21,516	147,589	-	-	169,105
Precious metal consignment agreements	122,554	-	-	-	122,554
	\$ 203,741	\$ 577,281	\$ 221,642	\$ 149,668	\$ 1,152,332

Due to the uncertainty with respect to the timing of future cash flows associated with the Company's unrecognized tax benefits at December 31, 2010, the Company is unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authority. Therefore, \$19.2 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 long term debt, including current portion of long-term debt, was \$611.2 million and \$606.5 million, respectively, as of December 31, 2010. As of December 31, 2009, the fair value approximated the carrying value, which was \$453.7 million. The interest rate on the \$250.0 million Private Placement Note is a fixed rate of 4.1%, and the fair value is based on the interest rates as of December 31, 2010. The interest rates on term loan debt and commercial paper are variable, and therefore the fair value of these instruments approximates their carrying values. The following table shows the Company's principal outstanding debt amounts and the associated weighted average interest rates as of December 31, 2010.

Financial Instruments

(in thousands)	EXPECTED MATURITY DATES					December 31, 2010		
	2011	2012	2013	2014	2015	2016 and beyond	Carrying Value	Fair Value
Notes Payable:								
U.S. dollar denominated	\$ 900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900	\$ 900
Average interest rate	2.3%						2.3%	
Taiwan dollar denominated	185	-	-	-	-	-	185	185
Average interest rate	0.0%						0.0%	
Euro denominated	4,191	-	-	-	-	-	4,191	4,191
Average interest rate	2.5%						2.5%	
Total Notes Payable	\$ 5,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,276	\$ 5,276
	2.4%							