

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 1999  
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OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-16211

DENTSPLY International Inc.

-----  
(Exact name of registrant as specified in its charter)

Delaware

39-1434669

-----  
(State or other jurisdiction of  
incorporation or organization)

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

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

-----  
(Address of principal executive offices)

(Zip Code)

(717) 845-7511

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

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

Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At August 5, 1999 the Company had 52,884,555 shares of Common Stock outstanding, with a par value of \$.01 per share.

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DENTSPLY INTERNATIONAL INC.  
FORM 10-Q

For Quarter Ended June 30, 1999  
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PART I  
FINANCIAL INFORMATION  
Item 1. FINANCIAL STATEMENTS  
DENTSPLY INTERNATIONAL INC.  
CONSOLIDATED CONDENSED BALANCE SHEETS

	(unaudited) June 30, 1999	December 31, 1998
<b>ASSETS</b>		
-----		
Current assets:	(in thousands)	
Cash and cash equivalents	\$ 10,836	\$ 8,690
Accounts and notes receivable-trade, net	134,562	134,218
Inventories	137,430	139,235
Prepaid expenses and other current assets	43,535	40,309
	-----	
Total Current Assets	326,363	322,452
Property, plant and equipment, net	174,831	158,998
Other noncurrent assets, net	20,151	67,799
Identifiable intangible assets, net	79,382	80,537
Costs in excess of fair value of net assets acquired, net	280,543	265,536
	-----	
Total Assets	\$ 881,270	\$ 895,322
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
=====		
Current liabilities:		
Accounts payable	\$ 35,701	\$ 42,654
Accrued liabilities	83,780	99,427
Income taxes payable	42,353	36,025
Notes payable and current portion of long-term debt	35,132	16,270
	-----	
Total Current Liabilities	196,966	194,376
Long-term debt	186,060	217,491
Deferred income taxes	15,447	18,803
Other liabilities	46,846	48,113
	-----	
Total Liabilities	445,319	478,783
	-----	
Minority interests in consolidated subsidiaries	2,780	2,738
Stockholders' equity:	-----	
Preferred stock, \$.01 par value; .25 million shares authorized; no shares issued		
Common stock, \$.01 par value; 100 million shares authorized; 54.3 million shares issued at June 30, 1999 and 54.3 million shares issued at December 31, 1998	543	543
Capital in excess of par value	151,752	152,871
Retained earnings	359,533	324,745
Accumulated other comprehensive income	(38,061)	(14,730)
Employee stock ownership plan reserve	(7,218)	(7,977)
Treasury stock, at cost, 1.4 million shares at June 30, 1999 and 1.7 million shares at December 31, 1998	(33,378)	(41,651)
	-----	
Total Stockholders' Equity	433,171	413,801
	-----	
Total Liabilities and Stockholders' Equity	\$ 881,270	\$ 895,322
	=====	

See accompanying notes to unaudited consolidated condensed financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	----- (in thousands, except per share data) -----			
Net sales	\$209,125	\$197,126	\$405,713	\$377,832
Cost of products sold	99,709	93,275	194,669	178,644
	-----			
Gross profit	109,416	103,851	211,044	199,188
Selling, general and administrative expenses	73,020	68,530	140,340	132,315
Restructuring and other costs	-	29,000	-	29,000
	-----			
Operating income	36,396	6,321	70,704	37,873
Interest expense	4,295	3,797	8,867	6,763
Interest income	(376)	(441)	(498)	(659)
Other (income) expense, net	(355)	908	(909)	(564)
	-----			
Income before income taxes	32,832	2,057	63,244	32,333
Provision for income taxes	11,642	1,473	22,526	12,752
	-----			
Net income	\$ 21,190	\$ 584	\$ 40,718	\$ 19,581
	=====			
Earnings per common share:				
Basic	\$.40	\$.01	\$.77	\$.36
Diluted	\$.40	\$.01	\$.77	\$.36
Cash dividends declared per common share	.05625	.05125	.1125	.1025
Weighted average common shares outstanding:				
Basic	52,758	53,942	52,663	54,032
Diluted	52,947	54,278	52,854	54,393

See accompanying notes to unaudited consolidated condensed financial statements.

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

	Six Months Ended June 30,	
	1999	1998
	-----	
	1999	1998
	-----	
Cash flows from operating activities:	(in thousands)	
Net income	\$ 40,718	\$ 19,582
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,883	8,990
Amortization	8,474	9,340
Non-cash restructuring and other costs	---	29,000
Other, net	(18,156)	(45,609)
	-----	
Net cash provided by operating activities	40,919	21,303
	-----	
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	3,446	(49,828)
Additional consideration for prior purchased business	(5,000)	---
Property, plant and equipment additions	(13,989)	(15,371)
Other, net	19	(498)
	-----	
Net cash used in investing activities	(15,524)	(65,697)
	-----	
Cash flows from financing activities:		
Debt repayment	(45,058)	(42,477)
Proceeds from long-term debt	11,894	101,496
Increase in bank overdrafts and other short-term borrowings	15,450	15,228
Cash paid for treasury stock	---	(31,210)
Cash dividends paid	(5,912)	(5,549)
Other, net	4,561	4,755
	-----	
Net cash (used in) provided by financing activities	(19,065)	42,243
	-----	
Effect of exchange rate changes on cash and cash equivalents	(4,184)	(925)
	-----	
Net increase (decrease) in cash and cash equivalents	2,146	(3,076)
Cash and cash equivalents at beginning of period	8,690	9,848
	-----	
Cash and cash equivalents at end of period	\$ 10,836	\$ 6,772
	=====	=====

See accompanying notes to unaudited consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC.  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS, CONTINUED  
(unaudited)

	Six Months Ended June 30,	
	1999	1998
Supplemental disclosures of cash flow information:		
Interest paid	\$ 7,270	\$ 4,932
Income taxes paid	16,532	24,096
Non-cash transactions:		
Liabilities assumed from acquisitions	-	23,347
Issuance of treasury stock in connection with the acquisition of certain assets	3,353	-

Supplemental disclosures of non-cash transactions (in thousands):

In January 1998, the Company purchased the assets of Blendax Professional Dental Business ("Blendax"). In March 1998, the Company purchased the assets of InfoSoft, Inc. ("InfoSoft"). In April and May of 1998, the Company purchased a 67% majority interest in GAC ("GAC"). In May 1998, the Company purchased the capital stock of Crescent Dental Manufacturing ("Crescent") and also the capital stock of Herpo Productos Dentarios Ltda. ("Herpo"). In conjunction with the acquisitions, liabilities were assumed as follows:

	Blendax	InfoSoft	GAC	Crescent	Herpo
Estimated fair value of assets acquired	\$ 6,711	\$ 10,530	\$ 36,475	\$ 5,868	\$ 13,842
Cash paid for assets or capital stock	(6,112)	(8,618)	(22,740)	(5,214)	(7,395)
Liabilities assumed	\$ 599	\$ 1,912	\$ 13,735	\$ 654	\$ 6,447

See accompanying notes to unaudited consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC.  
CONSOLIDATED CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY  
(unaudited)

(in thousands)	Common Stock -----	Capital in Excess of Par Value -----	Retained Earnings -----	Accumulated Other Comprehensive Income -----	ESOP Reserve -----	Treasury Stock -----	Total Stockholders' Equity -----
Balance at December 31, 1998	\$ 543	\$152,871	\$324,745	\$(14,730)	\$ (7,977)	\$(41,651)	\$413,801
Comprehensive Income:							
Net income			40,718				40,718
Other comprehensive income							
Foreign currency translation adjustments				(23,331)			(23,331)
Comprehensive Income							17,387
Exercise of stock options and warrants		(1,365)				4,651	3,286
Tax benefit related to stock options and warrants exercised		515					515
Reissuance of treasury stock		(269)				3,622	3,353
Net change in ESOP reserve					759		759
Cash dividends declared, \$.1125 per share			(5,930)				(5,930)
	-----	-----	-----	-----	-----	-----	-----
Balance at June 30, 1999	\$ 543	\$151,752	\$359,533	\$(38,061)	\$ (7,218)	\$(33,378)	\$433,171
	=====	=====	=====	=====	=====	=====	=====

See accompanying notes to unaudited consolidated condensed financial statements.

DENTSPLY INTERNATIONAL INC.

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

JUNE 30, 1999

The accompanying interim consolidated condensed financial statements reflect all adjustments (consisting only of normal recurring adjustments) which in the opinion of management are necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods. These interim financial statements conform with the requirements for interim financial statements and consequently do not include all the disclosures normally required by generally accepted accounting principles. Disclosures are updated where appropriate.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated condensed financial statements include the accounts of DENTSPLY International Inc. (the "Company") and its subsidiaries. Minority interests in net income of consolidated subsidiaries are not material and are included in other (income) expense, net.

Inventories

Inventories are stated at the lower of cost or market. At June 30, 1999 and December 31, 1998, the cost of \$14.0 million or 10% and \$15.3 million or 11%, respectively, of inventories was determined by the last-in, first-out (LIFO) method. The cost of other inventories was determined by the first-in, first-out (FIFO) or average cost method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Except for leasehold improvements, depreciation for financial reporting purposes is computed by the straight-line method over the following estimated useful lives: buildings - generally 40 years; and machinery and equipment - 4 to 15 years. The cost of leasehold improvements is amortized over the shorter of the estimated useful life or the term of the lease. For income tax purposes, depreciation is computed using various methods.

Derivatives

The Company's only involvement with derivative financial instruments is forward contracts to hedge certain assets and liabilities denominated in foreign currencies and swap agreements which convert current floating interest debt to fixed rates.

NOTE 2 - EARNINGS PER COMMON SHARE

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

	Three Months Ended		Six Months Ended	
	June 30, 1999	June 30, 1998	June 30, 1999	June 30, 1998
Basic EPS Computation:	-----	-----	-----	-----
Numerator(Income)	\$21,190	\$ 584	\$40,718	\$19,581
Denominator:				
Common shares outstanding	52,758	53,942	52,663	54,032
Basic EPS	\$ 0.40	\$ 0.01	\$ 0.77	\$ 0.36
	=====	=====	=====	=====
Diluted EPS Computation:				
Numerator(Income)	\$21,190	\$ 584	\$40,718	\$19,581
Denominator:				
Common shares outstanding	52,758	53,942	52,663	54,032
Incremental shares from assumed exercise of dilutive options and warrants	189	336	191	361
Total shares	52,947	54,278	52,854	54,393
Diluted EPS	\$ 0.40	\$ 0.01	\$ 0.77	\$ 0.36
	=====	=====	=====	=====

NOTE 3 - INVENTORIES

Inventories consist of the following:

	June 30, 1999	December 31, 1998
	-----	-----
	(in thousands)	
Finished goods	\$ 80,628	\$ 75,637
Work-in-process	26,677	27,632
Raw materials and supplies	30,125	35,966
	-----	-----
	\$137,430	\$139,235
	=====	=====

Pre-tax income was \$.3 million lower in the six months ended June 30, 1999 and \$.3 million lower for the same period in 1998 as a result of using the LIFO method compared to the first-in, first-out (FIFO) method. If the FIFO method had been used to determine the cost of the LIFO inventories, the amounts at which net inventories are stated would be lower than reported at June 30, 1999 and December 31, 1998 by \$.7 million and \$1.0 million, respectively.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	June 30, 1999	December 31, 1998
	-----	
Assets, at cost:	(in thousands)	
Land	\$ 16,379	\$ 12,315
Buildings and improvements	82,759	74,966
Machinery and equipment	145,537	138,644
Construction in progress	16,456	13,262
	-----	
	261,131	239,187
Less: Accumulated depreciation	86,300	80,189
	-----	
	\$174,831	\$158,998
	=====	

NOTE 5 - NOTES PAYABLE AND CURRENT PORTION OF LONG-TERM DEBT

The increase from December 31, 1998 in notes payable and current portion of long-term debt (\$18.9 million) was primarily due to the maturing of long-term debt.

NOTE 6 - RESTRUCTURING AND OTHER COSTS

In the second quarter of 1998, the Company recorded a pre-tax charge of \$29.0 million for restructuring and other costs. This charge included costs of \$26.0 million to rationalize and restructure the Company's worldwide laboratory business, primarily for the closure of the Company's German tooth manufacturing facility. The remaining \$3.0 million of the charge was recorded to cover termination costs associated with its former implant products business. Included in the \$26.0 million restructuring charge are costs to cover severance, the write-down of property, plant and equipment, and tooth product rationalization. The principal actions involve the closure of the Company's Dreieich, Germany tooth facility and rationalization of certain tooth products in Europe, North America and Australia. The Company anticipates the restructuring will reduce production costs and increase operational efficiencies, contributing to future earnings. The restructuring results in the elimination of approximately 275 administrative and manufacturing positions, mostly in Germany. The closure of the German tooth facility was completed in the first quarter of 1999 with benefits of the restructuring expected to begin late in 1999 or early 2000.

The major components of the charge and remaining accruals follow:

	Provision	Non-Cash Amounts Applied	Cash Amounts Applied	Balance June 30, 1999
	-----	-----	-----	-----
		(in thousands)		
Severance	\$13,400	\$ 700	\$11,200	\$ 1,500
Write-down of property, plant and equipment	6,000	6,000	-	-
Implant termination costs	3,000	2,800	200	-
Other	6,600	-	2,900	3,700
	-----	-----	-----	-----
	\$29,000	\$ 9,500	\$14,300	\$ 5,200
	=====	=====	=====	=====

In the fourth quarter of 1998, the Company recorded a pre-tax charge of \$42.5 million for restructuring the New Image business. This charge includes the write-off of intangibles, including goodwill associated with the business, write-off of discontinued products, write-down of fixed assets and other assets, and severance and other costs associated with the discontinuance of the New Image division in Carlsbad, California. As part of the restructuring, certain intraoral camera products will be sold and supported by the Gendex Dental X-ray division in Des Plaines, Illinois. The restructuring includes the elimination of approximately 115 administrative and manufacturing positions in California. The restructuring was substantially completed at June 30, 1999. The facility in California was closed at the end of the first quarter of 1999.

The major components of the charge and remaining accruals follow:

	Provision	Non-Cash Amounts Applied	Cash Amounts Applied	Balance June 30, 1999
	-----	-----	-----	-----
		(in thousands)		
Write-off of intangibles				
including goodwill	\$33,200	\$33,200	\$ -	\$ -
Discontinued products	3,800	3,800	-	-
Write-down of fixed assets	1,500	1,500	-	-
Severance	1,000	-	1,000	-
Write-down of other assets	700	700	-	-
Other costs	2,300	-	400	1,900
	-----	-----	-----	-----
	\$42,500	\$39,200	\$ 1,400	\$ 1,900
	=====	=====	=====	=====

NOTE 7 - COMMITMENTS AND CONTINGENCIES

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

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In June 1995, the Antitrust Division of the United States Department of Justice initiated an antitrust investigation regarding the policies and conduct undertaken by the Company's Trubyte Division with respect to the distribution of artificial teeth and related products. On January 5, 1999 the Department of Justice filed a complaint against the Company in the U.S. District Court in Wilmington, Delaware alleging that the Company's tooth distribution practices violate the antitrust laws and seeking an order for the Company to discontinue its practices. A follow on private class action suit on behalf of dentists who purchased Trubyte teeth was filed January 12, 1999 in the Supreme Court of the State of New York for New York County which was transferred to and is now pending in the U.S. District Court in Wilmington, Delaware. A second follow on private class action suit on behalf of laboratories who purchased Trubyte teeth was filed April 21, 1999 in the U.S. District Court in Wilmington, Delaware. This case has been assigned to the same judge who is handling the Department of Justice action. It is the Company's position that the conduct and activities of the Trubyte Division do not violate the antitrust laws.



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

Certain statements made by the Company that are forward-looking, including without limitation, statements containing the words "plans", "anticipates", "believes", "expects", or words of similar import constitute forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties which may materially affect the Company's business and prospects, and should be read in conjunction with the risk factors set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

RESULTS OF OPERATIONS

Quarter Ended June 30, 1999 Compared to Quarter Ended June 30, 1998

For the quarter ended June 30, 1999, net sales increased \$12.0 million, or 6.1%, to \$209.1 million, up from \$197.1 million in the same period of 1998. Acquisitions net of divestitures contributed 2.7% growth to the quarter. Base sales were up 4.8% with a base sales increase of 6.8% in the United States. The sales increase was offset by a base business decline of 2.5% in Europe including: lower U.K. sales due to distributor consolidations; a significant drop in sales to the Commonwealth of Independent States (C.I.S.) due to depressed economic conditions in that region; and continuous softness in the German market. Base business sales increased 15.7% in the Pacific Rim and Latin America as the Asian economies began to recover and the Company experienced some pent up demand for endodontic and orthodontic products in Latin America. Base business sales growth in other territories was up 4.1%. Exchange rates negatively impacted sales by nearly 1.4% in the quarter due to the strong U.S. dollar.

Gross profit increased \$5.5 million, or 5.3%, to \$109.4 million from \$103.9 million in the second quarter of 1998, but decreased as a percentage of sales from 52.7% in the second quarter of 1998 to 52.3% in the same period of 1999. Costs associated with moving the remaining manufacturing operations for New Image and Germany's tooth manufacturing facility negatively impacted performance in the first quarter in addition to purchase price accounting adjustments related to the acquisition of VDW and lower margins associated with GAC, the Company's orthodontics distribution business acquired in the second quarter of 1998.

Selling, general and administrative expenses increased \$4.5 million, or 6.6%. As a percentage of sales, expenses remained flat at 34.9% for the second quarter of 1999 compared to 34.8% for the same period of 1998.

Restructuring and other costs of \$29 million were recorded in the second quarter of 1998. The Company's German tooth manufacturing facility has been closed and production has been transferred to company facilities in Brazil and Pennsylvania during the first half of 1999.

Net interest expense increased \$0.6 million in the second quarter of 1999 due to increased interest expenses on debt incurred to finance acquisitions and the stock repurchase program in 1998.

Other income increased \$1.3 million in the second quarter of 1999 due primarily to favorable currency fluctuations as the U.S. dollar strengthened against the major European currencies.

Income before income taxes increased \$30.8 million including \$29.0 million of restructuring and other costs recorded in the second quarter of 1998. Without these costs, income before income taxes increased \$1.8 million, or 5.8%. The effective tax rate for operations was lowered to 35.7% in the second quarter of 1999 compared to 37.3% in the second quarter of 1998 reflecting savings from federal, state and foreign tax planning activities. Net income increased \$20.6 million including the after tax impact of \$18.9 million for the restructuring and other costs recorded in the second quarter of 1998. Without these costs, net income increased \$1.8 million, or 9.3%, from the second quarter of 1998 due to higher sales, currency exchange gains, and a lower provision for income tax offset somewhat by a lower gross profit margin. Reported basic and diluted earnings per common share were \$.40 in 1999 compared to \$.01 in the second quarter of 1998 including \$.35 for restructuring and other costs in 1998. Without these costs, basic and diluted earnings per common share increased from \$.36 in 1998 to \$.40 in 1999, or 11.1%.

#### Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998

For the six months ended June 30, 1999, net sales increased \$27.9 million, or 7.4%, to \$405.7 million, up from \$377.8 million in the same period of 1998. The increase resulted from strong sales growth in the United States and Latin America both from base business and from acquisitions, net of divestitures. European sales increased slightly due to acquisitions offset to a large extent by the impact of dealer consolidations in the U.K. and a soft market in Germany. Sales in the Pacific Rim were adversely impacted by inventory returns from dealers in India during the first quarter. Sales in the rest of the world increased from strong base sales and from acquisitions. Exchange rate fluctuations reduced net sales by 0.8% during the first half of 1999.

Gross profit increased \$11.9 million, or 5.9%, to \$211.0 million from \$199.2 million in the first six months of 1998. As a percentage of sales, gross profit decreased from 52.7% in the first six months of 1998 to 52.0% in the same period of 1999. Costs associated with moving the remaining manufacturing operations for New Image and Germany's tooth manufacturing facility negatively impacted performance in the first half in addition to purchase price accounting adjustments related to the acquisition of VDW and lower margins associated with GAC, the Company's orthodontics distribution business acquired in the second quarter of 1998.

Selling, general and administrative expense increased \$8.0 million, or 6.1%. As a percentage of sales, expenses decreased from 35.0% in the first six months of 1998 to 34.6% for the same period of 1999. This percentage decrease included a credit of \$1.1 million in Germany resulting from the curtailment of the Dreieich pension plan and a reduction in general insurance costs.

Restructuring and other costs of \$29 million were recorded in the second quarter of 1998.

Net interest expense increased \$2.3 million during the first six months of 1999 due to increased interest expense on debt incurred to finance acquisitions and the stock repurchase program in 1998.

Other income increased \$0.3 million in the first six months of 1999 due primarily to favorable currency fluctuations in Europe.

Income before income taxes increased \$30.9 million primarily due to the \$29.0 million of restructuring and other costs recorded in the second

quarter of 1998. Without these costs, income before income taxes increased \$1.9 million, or 3.1%. The effective tax rate for operations was lowered to 35.7% in the first six months of 1999 compared to 37.3% in the first six months of 1998 reflecting the benefits of tax planning activities. Net income increased \$21.1 million including the after tax impact of \$18.9 million for restructuring and other costs. Without these costs, net income increased \$2.3 million, or 6.0% in the first six months of 1999 compared to 1998 due to higher sales, lower expenses as a percentage of sales and a lower provision for income taxes offset somewhat by a lower gross profit percentage in the first six months of 1999.

Reported basic and diluted earnings per common share were \$.77 in 1999 compared to \$.36 per share in the first six months of 1998. Earnings per share for the first six months of 1998 included \$.35 for restructuring and other costs. Without these costs, basic and diluted earnings per common share increased from \$.71 in 1998 to \$.77 in 1999 or 8.5%.

#### LIQUIDITY AND CAPITAL RESOURCES

Investing activities for the six months ended June 30, 1999 include capital expenditures of \$14.0 million.

The Company's current ratio was 1.7 with working capital of \$129.4 million at June 30, 1999. This compares with a current ratio of 1.7 and working capital of \$128.1 million at December 31, 1998.

The Company expects to be able to finance cash requirements, including capital expenditures, stock repurchases, debt service, and possible future acquisitions, from the funds generated from operations and amounts available under the existing Bank Revolving Loan Facility. The Company also expects to have available a \$200 million Commercial Paper Facility by the end of the third quarter. This facility will initially be used to pay down existing bank debt and will help minimize the Company's overall cost of capital.

For the six months ended June 30, 1999, cash flows from operating activities were \$40.9 million or approximately \$53 million excluding the negative cash flow from the restructurings compared to \$21.3 million for the six months ended June 30, 1998. Cash flows from operating activities for 1999 included \$11.7 million of negative cash flow associated with the two restructurings recorded in 1998. The increase of \$19.6 million results primarily from decreases in inventory offset by decreases in accrued liabilities.

NEW STANDARDS

Statement of Financial Accounting Standards No. 133 ("FASB 133"), "Accounting for Derivative Instruments and Hedging Activities," was issued by the Financial Accounting Standards Board (FASB) in June 1998. This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires recognition of all derivatives as either assets or liabilities on the balance sheet and measurement of those instruments at fair value. If certain conditions are met, a derivative may be designated specifically as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment referred to as a fair value hedge, (b) a hedge of the exposure to variability in cash flows of a forecasted transaction (a cash flow hedge), or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security, or a forecasted transaction.

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This statement was originally required to be adopted effective January 1, 2000; however, in June 1999 FASB issued SFAS No. 137 "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133", which delays the effective date to January 1, 2001. The Company has not yet determined the effect of adopting FASB 133.

YEAR 2000

The following discussion contains Year 2000 Readiness Disclosures under the Year 2000 Information and Readiness Disclosures Act.

An issue affecting DENTSPLY and all other companies is whether computer systems and applications will recognize and process data for the Year 2000 and beyond. The Year 2000 issue arose because many existing computer programs use only the last two digits to refer to a year. These computer programs do not recognize a year that begins with "20" instead of "19". The inability of many computer applications to interpret the Year 2000 correctly may cause potential business disruptions affecting all aspects of normal operations. The Year 2000 issue has global ramifications affecting not only the Company's operations but also the operations of the Company's suppliers, vendors and customers.

In 1995, the Company commenced an upgrade of its information technology ("IT") systems for all of its locations. A primary software was chosen to upgrade the Company's computerized business application systems to world class standards and also enable the Company to become Year 2000 compliant. The upgrade included necessary hardware and software improvements, training, data conversion, systems testing and implementation.

The identification, planning, and development phases of the Year 2000 project have been completed. The Company is in the process of implementing the information system upgrades. Work has been substantially completed on the Company's worldwide systems. To date, the Company has spent approximately \$17.3 million for the IT project. An additional \$1.4 million of spending is anticipated for the remainder of the information system's upgrade. These costs encompass the total upgrade of the Company's manufacturing, distribution and financial reporting systems. The Company has not deferred other IT projects due to its Year 2000 initiative, but rather, the Year 2000 initiative has been part of the upgrade of its current IT system. Possible Year 2000 issues that are not covered by the IT upgrade are being addressed separately and may require software replacement, reprogramming or other remedial action. The Company has been engaged in a program and an audit review process to identify affected systems and applications and to develop a plan to correct any issues in the most effective manner. Based on this audit review, the Company does not expect to see any significant changes in these systems and applications. The Company is in the process of formulating contingency plans to the extent necessary in fiscal 1999.

The Year 2000 initiative presents a number of uncertainties including the status and planning of third parties. The Company has surveyed its significant customers and vendors as to their Year 2000 compliance. Based on the nature of their responses, the Company is developing contingency plans as appropriate. However, the Company has no means of assuring that external customers and vendors will be Year 2000 compliant. The inability of third parties to complete their Year 2000 resolution process in a timely fashion could materially impact the Company.

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The Company's Year 2000 remediation efforts along with the information system upgrade are funded from the Company's operating cash flows and its borrowing facilities. The following table contains historical and estimated future costs of the total IT system upgrade, which includes the Year 2000 initiative. Infrastructure and daily IT-related operating expenses have been excluded from the reported costs.

	Project Costs To Date	Anticipated Future Costs
	-----	-----
	(in thousands)	
Capital Expenditures	\$ 9,090	\$ 748
Expenses	8,166	603

Total	----- \$ 17,256 =====	----- \$ 1,351 =====
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#### EURO CURRENCY CONVERSION

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

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

The Company's various operating units which are affected by the Euro conversion intend to keep their books in their respective legacy currency through a portion of the three year transition period. At this time, the Company does not expect the reasonable foreseeable consequences of the Euro conversion to have material adverse effects on the Company's business, operations or financial condition.

#### IMPACT OF INFLATION

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

#### Item 3 - Quantitative and Qualitative Disclosures About Market Risk

There have been no significant material changes to the market risks as disclosed in the Company's Annual Report on Form 10-K filed for the year ending December 31, 1998.



PART II  
OTHER INFORMATION

Item 1 - Legal Proceedings

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

In June 1995, the Antitrust Division of the United States Department of Justice initiated an antitrust investigation regarding the policies and conduct undertaken by the Company's Trubyte Division with respect to the distribution of artificial teeth and related products. On January 5, 1999 the Department of Justice filed a complaint against the Company in the U.S. District Court in Wilmington, Delaware alleging that the Company's tooth distribution practices violate the antitrust laws and seeking an order for the Company to discontinue its practices. A follow on private class action suit on behalf of dentists who purchased Trubyte teeth was filed January 12, 1999 in the Supreme Court of the State of New York for New York County which was transferred to and is now pending in the U.S. District Court in Wilmington, Delaware. A second follow on private class action suit on behalf of laboratories who purchased Trubyte teeth was filed April 21, 1999 in the U.S. District Court in Wilmington, Delaware. This case has been assigned to the same judge who is handling the Department of Justice action. It is the Company's position that the conduct and activities of the Trubyte Division do not violate the antitrust laws.

Item 2 - Changes in Securities and Use of Proceeds

On April 5, 1999, the Company issued an aggregate of 145,000 shares of Common Stock to High Tech Medical Instrumentation, Inc. ("HTMI") in connection with the acquisition of certain assets from HTMI. The issuance and sale of the shares was intended to be exempt from registration under Section 4(2) of the Securities Act of 1933, as amended, based on, among other things, the nature of the purchaser, the fact that the purchaser and each of its shareholders represented and warranted to the Company, among other things, that such purchaser and, in the event that any shareholder received shares from the purchaser, each shareholder was acquiring the shares for investment only and not with a view to the resale or distribution thereof, and the fact that certificates representing the shares were issued with legend to the effect that such shares had not been registered under the Securities Act or any state securities laws and could not be sold or transferred in the absence of such registration or an exemption therefrom. The shares issued to HTMI were subsequently registered on a shelf registration statement on Form S-3 filed with the Securities and Exchange Commission on April 12, 1999.

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

- (a) On May 19, 1999, the Company held its 1999 Annual Meeting of Stockholders.
- (b) Not applicable.

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

1. Election of Class I Directors:

Nominee	Votes For	Votes Withheld	Broker Non-Votes
Burton C. Borgelt	38,938,049	437,946	N/A
Douglas K. Chapman	38,811,370	564,624	N/A
C. Frederick Fetterolf	38,755,809	620,371	N/A

2. Proposal to ratify the appointment of KPMG LLP, independent certified accountants, to audit the books and accounts of the Company for the year ending December 31,1999:

Votes For: 39,176,543                      Votes Against: 143,081  
Abstentions: 56,371                      Broker Non-Votes: N/A

(d) Not applicable.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits. The following exhibits are filed herewith:

Number	Description
3.2	By laws, as amended
27	Financial Data Schedule (pursuant to Item 601(c)(1)(iv) of Regulation S-K, this exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended)

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the period ended June 30, 1999.

Signatures

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

DENTSPLY INTERNATIONAL INC.

August 16, 1999

- - - - -

Date

/s/ John C. Miles II

-----  
John C. Miles II  
Chairman and  
Chief Executive Officer

August 16, 1999

- - - - -

Date

/s/ William R. Jellison

-----  
William R. Jellison  
Senior Vice President and  
Chief Financial Officer

EXHIBIT INDEX

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Number	Description	Sequential Page No.
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3.2	By laws, as amended	23
27	Financial Data Schedule	36
	(pursuant to Item 601(c)(1)(iv) of Regulation S-K, this exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended)	

DENTSPLY INTERNATIONAL INC.

(Formerly GENDEX Corporation)

## ARTICLE I. STOCKHOLDERS' MEETINGS

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

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

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

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

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## SECTION 5. Fixing of Record Date.

(a) For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors of the corporation may fix, in advance, a date as the record date for any such determination of stockholders, such date in any case to be not more than sixty (60) nor less than ten (10) days prior to the date of any proposed meeting of stockholders. In no event shall the stock transfer books be closed. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this Section, such determination shall be applied to any adjournment thereof.

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

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

SECTION 7. Proxies. At all meetings of stockholders, a stockholder

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

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

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

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

SECTION 11. Advance Notice of Stockholder-Proposed Business at Annual Meetings. At an annual meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board, (b) otherwise properly brought before the meeting by or at the direction of the Board, or (c) otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation, not less

than sixty (60) days prior to the date that the materials regarding the prior years annual meeting were mailed to stockholders. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business.

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

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

SECTION 12. Procedure for Nomination of Directors. Only persons nominated in accordance with the following procedures shall be eligible for election as directors, except as may otherwise be provided by the terms of the corporation's Certificate of Incorporation with respect to the rights of holders of any class or series of preferred stock to elect directors under specified circumstances. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors, by any nominating committee or person appointed by the Board, or by any stockholder of the corporation entitled to vote for election of directors at the meeting who complies with the notice procedures set forth in this Section 12. Nominations other than those made by or at the direction of the Board of Directors or any nominating committee or person appointed by the Board shall be made pursuant to timely notice in proper written form to the Secretary of the corporation. To be timely, a stockholder's request to nominate a person for director, together with the written consent of such person to serve as a director, must be received by the Secretary of the corporation not less than sixty (60) days prior to the date fixed for the meeting. To be in proper written form, such stockholder's notice shall set forth in writing: (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director (i) the name, age, business address and residence address for such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of stock of the corporation which are beneficially owned by such person and (iv) such other information relating to such person as is required to be disclosed in solicitations of proxies for election of directors, or as otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the corporation's books, of such stockholder and (ii) the class and number of

shares of stock of the corporation which are beneficially owned by such stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as a director of the corporation. No persons shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth herein and in the corporation's Certificate of Incorporation. The chairman of any meeting shall, if the facts so warrant, determine that a nomination was not made in accordance with the procedures prescribed by the corporation's Certificate of Incorporation and By-Laws, and if he should so determine, he shall so declare to the meeting and the defective nomination(s) shall be disregarded.

## ARTICLE II. BOARD OF DIRECTORS

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

SECTION 2. Number of Directors, Tenure and Qualifications. The number of members of the Board of Directors shall be not less than three (3) nor more than eleven (11), as determined from time to time by the Board of Directors. The directors need not be stockholders of the corporation. The directors shall be divided into three (3) classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third (1/3) of the total number of directors constituting the entire Board of Directors. Effective immediately upon the filing of the Certificate of Incorporation of the corporation dated June 11, 1993, Class I directors shall be elected for a term ending upon the next succeeding annual meeting of stockholders, Class II directors for a term ending upon the second succeeding annual meeting of stockholders and Class III directors for a term ending upon the third succeeding annual meeting of stockholders. At each succeeding annual meeting of stockholders beginning with the annual meeting immediately succeeding the filing of the Certificate of Incorporation, successors to the class of directors whose term expires at such annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, incapacitation or removal from office, and except as otherwise required by law. In the event such election is not held at the annual meeting of stockholders, it shall be held at any adjournment thereof or a special meeting.

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

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

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

SECTION 6. Quorum. Three-fourths (3/4) of the directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

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

SECTION 8. Vacancies. Except as otherwise required by law, any vacancy on the Board of Directors that results from an increase in the number of directors shall be filled only by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors shall be filled by a majority of the directors

then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor. The resignation of a director shall be effective upon receipt by the corporation, unless some subsequent time is fixed in the resignation, and then from that time. Acceptance of such resignation by the corporation shall not be required.

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

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

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

SECTION 12. Removal of Directors. Exclusive of directors, if any, elected by the holders of one (1) or more classes of preferred stock, no director of the corporation may be removed from office, except for cause and by the affirmative vote of two-thirds (2/3) of the

outstanding shares of capital stock of the corporation entitled to vote at a meeting of the stockholders duly called for such purpose. As used in this Article II, the meaning of "cause" shall be limited to malfeasance arising from the performance of a director's duty which has a materially adverse effect on the business of the corporation.

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

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

### ARTICLE III. OFFICERS

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ARTICLE IV. CERTIFICATES FOR SHARES AND THEIR TRANSFER

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

SECTION 2. Transfer of Shares. Prior to due presentment of a certificate for shares for registration of transfer the corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner. Where a certificate for shares is presented to the corporation with a request to register for transfer, the corporation shall not be liable to the owner or any other person suffering loss as a result of such registration of transfer if (a) there were on or with the certificate the necessary endorsements, and (b) the corporation had no duty to inquire into adverse claims or has discharged any such duty. The corporation may require reasonable assurance that said endorsements are genuine and effective and in compliance with such other regulations as may be prescribed under the authority of the Board of Directors.

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

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

SECTION 2. Indemnification in Actions By or In the Right Of the Corporation. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense and settlement of such action or suit if he or she acted

in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

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

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

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

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

(c) By the stockholders.

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

SECTION 6. Advancement of Expenses. Expenses (including attorneys' fees) incurred by an indemnitee in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action; suit

or proceeding upon receipt of an undertaking by or on behalf of the indemnitee to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation as to such amounts.

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

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

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

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS OF DENTSPLY INTERNATIONAL INC. AT JUNE 30, 1999 AND FOR THE FISCAL QUARTER THEN ENDED, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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