FORM 8-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

November 23, 2001
(Date of earliest event reported)

DENTSPLY INTERNATIONAL INC
(Exact name of Company as specified in charter)

Delaware	0-16211	39-1434669
(State of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

570 West College Avenue, York, Pennsylvania 17405
(Address of principal executive offices) (Zip Code)

(717) 845-7511
(Company's telephone number including area code)

Exhibit Index on Page 5

Item 7. Financial Statements and Exhibits

(a) Financial Statements - Not applicable.

(b) Exhibits:

99.1 The Degussa Dental Financial Information as set forth in the preliminary offering circular as referenced in Item 9.

99.2 The Company Proforma Financial Information as set forth in the preliminary offering circular as referenced in Item 9.

Item 9. - Regulation FD Disclosure.

On October 2, 2001, DENTSPLY International Inc. (the "company") announced that it had completed the acquisition of the dental business of Degussa AG ("Degussa Dental"). Degussa Dental designs, develops and manufactures a broad range of dental products and complete system solutions used in preventative, restorative and orthodontic treatment by dental laboratories, dentists, orthodontists and oral surgeons.

The final price paid for the assets of Degussa Dental is expected to be approximately $530 million, of which approximately $504 million was paid at closing. The closing payment was financed with the proceeds of a temporary short-term loan ("bridge financing"), a private placement of notes and additional drawings made under the company's revolving credit facility. The company intends to refinance the bridge financing and a portion of the additional drawings made under the revolving credit facility with the net proceeds of an offering (the "Eurobond Offering") of 350,000,000 Notes due 2006 (the "Notes").

In connection with the planned Eurobond Offering, the company has prepared a preliminary offering circular which includes, among other things, (i) audited combined balance sheets of Degussa Dental as of June 30, 2001 and December 31, 2000, and the related combined statements of income, shareholders' equity and comprehensive income, and cash flows for the six months ended June 30, 2001 and the year ended December 31, 2000 (the "Degussa Dental Financial Information"), and (ii) unaudited pro forma financial information for the company for the year ended December 31, 2000 and as of, and for the six months ended June 30, 2001, after giving effect to its acquisition of Friadent GmbH in January 2001, its acquisition of

AstraZeneca's dental injectible anesthesia business in March 2001 and the acquisition of Degussa Dental (the "Dentsply Proforma Financial Information") as though such acquisitions had been completed on January 1, 2000 and taking into account a sale/leaseback of precious metals owned by Degussa Dental.

A preliminary offering circular that contains the Degussa Dental Financial Information, the Dentsply Proforma Financial Information and the Proforma Capitalization is being provided to prospective purchasers in connection with the marketing of the Notes. The Degussa Dental Financial Information and the Company Proforma Financial Information as set forth in the preliminary offering circular are attached to this Current Report on Form 8-K as Exhibits 99.1 and 99.2, respectively.

The information in this report and the exhibits hereto is being furnished, not filed, pursuant to Regulation FD. Accordingly, the information in this report and the exhibits will not be incorporated by reference into any registration statement filed by the company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

By including any information in this Current Report on Form 8-K, the company does not necessarily acknowledge that disclosure of such information is required by applicable law or that the information is material.

The offer and sale of the Notes will be in accordance with Regulation S under the Securities Act of 1933, as amended. The Notes will not be registered under the Securities Act and are not being offered or sold within the United States or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act) absent registration or an applicable exemption from the registration requirements.

SIGNATURES

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

DENTSPLY INTERNATIONAL INC
(Company)

/s/ William R. Jellison
William R. Jellison
Senior Vice President,
Chief Financial Officer

Date: November 23, 2001

EXHIBIT INDEX

Number	Description	Sequential Page No.
99.1	The Degussa Dental Financial Information as set forth in the preliminary offering circular as referenced in Item 9.	6
99.2	The Company Proforma Financial Information as set forth in the preliminary offering circular as referenced in Item 9.	27

PRESENTATION OF DEGUSSA DENTAL FINANCIAL INFORMATION

In 2000, Degussa AG commenced a programme to focus its operations on core competencies related to the manufacture and distribution of specialty engineered chemical products. In connection with this programme, Degussa AG formed Degussa Dental GmbH & Co. KG ("Dental KG") and DH Zweite Vermogensverwaltungs GmbH ("DH GmbH"). Subsequently, Degussa AG transferred substantially all dental-related investments, operations and activities to Dental KG and DH GmbH. German-based dental investments, operations and activities were contributed to Dental KG while non- German-based dental investments, operations and activities were contributed to DH GmbH. Together, Dental KG, DH GmbH and their majority owned subsidiaries comprise Degussa Dental.

The combined financial statements of Degussa Dental included on pages F-51 to F- 70 of this document (the "Degussa Dental Combined Financial Statements") have been prepared in accordance with U.S. GAAP and include the results of operations and assets and liabilities directly related to Degussa Dental's operations. The accompanying combined financial statements may not necessarily be indicative of the results of operations, financial positions and cash flows of Dental KG and DH GmbH had they operated as separate independent companies for the duration of the periods presented, nor are they an indicator of future performance. See further Note 1 to the Degussa Dental Combined Financial Statements.

DEGUSSA DENTAL GROUP

COMBINED STATEMENTS OF INCOME

	Six months ended June 30, 2001	Year ended December 31, 2000
	(euro, in thousands)	
Net sales (note 14)	246,312	489,517
Cost of products sold (note 14)	155,472	343,256
Gross profit	90,840	146,261
Selling, general and administrative expenses (note 14)	61,181	123,729
Other operating expense, net	7,342	6,059
Operating income	22,317	16,473
Other income and expenses:		
Interest expense (note 14)	2,449	4,635
Interest income (note 14)	(672)	(2,717)
Minority interest	91	306
Earnings before income taxes	20,449	14,249
Income taxes	8,449	840
Net income	12,000	13,409

The accompanying notes are an integral part of the combined financial statements.

DEGUSSA DENTAL GROUP

COMBINED BALANCE SHEETS

	June 30, 2001	December 31, 2000
	(euro, in thousands)	
Assets		
Current assets:		
Cash and cash equivalents (note 14)	2,978	14,677
Accounts and notes receivable-trade, net	67,000	63,593
Receivables from related parties (note 14)	1,700	10,202
Inventories	103,408	111,533
Deferred tax assets	4,554	3,030
Prepaid expenses and other current assets	3,788	13,317
Total current assets	183,428	216,352
Property, plant and equipment, net	57,631	56,628
Identifiable intangible assets, net	34,841	34,138
Costs in excess of fair value of net assets acquired, net	100,877	104,840
Deferred tax assets	5,703	8,282
Other non-current assets	1,679	1,807
Total assets	384,159	422,047
Liabilities and combined equity		
Current liabilities:		
Current portion of long-term debt	3,135	2,917
Short-term notes payable	21,562	71,764
Accounts payable-trade	13,587	10,856
Payables to related parties (note 14)	4,856	18,099
Accrued liabilities	18,707	22,509
Income taxes payable	23,278	11,061
Deferred tax liabilities	10,231	10,856
Other current liabilities	8,639	14,078
Total current liabilities	103,995	162,140
Long-term debt, excluding current portion	6,726	8,696
Pension obligation	15,045	14,596
Obligations under capital lease, excluding current installments	9,111	9,092
Deferred tax liabilities	14,774	16,278
Other non-current liabilities	7,439	5,312
Minority interests in consolidated subsidiaries	830	661
Commitments and contingencies (note 16)		
Total liabilities	157,920	216,775
Combined equity:		
Investments by and advances from Degussa AG	220,852	200,718
Accumulated other comprehensive income	5,387	4,554
Total combined equity	226,239	205,272
Total liabilities and combined equity	384,159	422,047

The accompanying notes are an integral part of the combined financial statements.

DEGUSSA DENTAL GROUP

COMBINED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME

	Investments by and advances from Degussa AG	Accumulated other comprehensive income	Combined equity
		(euro, in thousands)	
Balance as of December 31, 1999	253,949	3,681	257,630
Net activity with Degussa AG (note 14)	(66,640)	--	(66,640)
Comprehensive income:			
Net income	13,409	--	13,409
Foreign currency translation	--	873	873
Comprehensive income			14,282
Balance as of December 31, 2000	200,718	4,554	205,272
Net activity with Degussa AG	8,134	--	8,134
Comprehensive income:			
Net income	12,000	--	12,000
Foreign currency translation	--	833	833
Comprehensive income	--	--	12,833
Balance as of June 30, 2001	220,852	5,387	226,239

The accompanying notes are an integral part of the combined financial statements.

DEGUSSA DENTAL GROUP

COMBINED STATEMENTS OF CASH FLOWS

	Six months ended June 30, 2001	Year ended December 31, 2000
	(euro, in thousands)	
Cash flows from operating activities:		
Net income	12,000	13,409
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,500	7,304
Amortization	5,294	10,553
Deferred income taxes	(1,850)	(10,128)
Increases in pension obligation and other non-current liabilities	2,788	6,024
Loss on disposal of property, plant and equipment	4	70
Other non-cash expense	656	3,438
Changes in current operating assets and liabilities, net:		
Receivables from related parties	8,502	(4,532)
Accounts and notes receivable-trade, third parties, net	(3,292)	(5,800)
Inventories	8,320	(3,414)
Prepaid expenses and other current assets	9,529	(10,095)
Payables to related parties	(13,243)	9,929
Accounts payable-trade, third parties	(2,099)	6,224
Accrued liabilities	(3,801)	(3,701)
Income taxes payable	12,217	7,605
Other, net	(170)	1,308
Net cash provided by operating activities	38,355	28,194
Cash flows from investing activities:		
Expenditures for identifiable intangible assets	(1,942)	(1,380)
Proceeds from sale of property, plant and equipment	1,098	663
Capital expenditures	(4,571)	(10,009)
Net cash used in investing activities	(5,415)	(10,726)
Cash flows from financing activities:		
Equity distributions to Degussa AG	(2,747)	(7,223)
Equity contributions by Degussa AG	10,225	--
Payments of capital lease obligations	(185)	(327)
Net repayments of long-term borrowings	(1,998)	(2,306)
Repayments of short-term borrowings	(1,048)	(899)
Net repayments of short-term borrowings, related parties	(48,910)	(2,560)
Net cash used in financing activities	(44,663)	(13,315)
Effect of exchange rate changes on cash and cash equivalents	24	90
Net increase (decrease) in cash and cash equivalents	(11,699)	4,243
Cash and cash equivalents at beginning of period	14,677	10,434
Cash and cash equivalents at end of period	2,978	14,677

The accompanying notes are an integral part of the combined financial statements.

DEGUSSA DENTAL GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Degussa Dental Group ("Degussa Dental" or the "Company") designs, develops and manufactures a broad range of dental products and complete system solutions used in preventative, restorative and orthodontic treatment by dental laboratories, dentists, orthodontists and oral surgeons. Products marketed primarily to dental laboratories include alloys, veneering porcelain, ceramics systems attachments, consumables and laboratory equipment. Products marketed directly to dentists include filling materials, cements, impression materials, local anesthetics and dedicated equipment for the application of the respective materials. Orthodontic products include all necessary appliances for the movement and realignment of teeth, and products marketed to oral surgeons consist of complete systems to replace teeth using artificial roots implanted into the jawbone of a patient. The Company has operations and investments located in Europe, Asia, South America and the United States. Degussa Dental's customers are primarily located in Europe, Asia, and North and South America.

Basis of Presentation

In 2000, Degussa AG commenced a program to focus its operations on core competencies related to the manufacture and distribution of specialty engineered chemical products. In connection with this program, Degussa AG formed Degussa Dental GmbH & Co. KG ("Dental KG") and DH Zweite Vermogensverwaltungs GmbH ("DH GmbH"). Subsequently, Degussa AG transferred substantially all dental-related investments, operations and activities to Dental KG and DH GmbH, with the exception of certain retiree pension obligations, which were maintained by Degussa AG. German- based dental investments, operations and activities were contributed to Dental KG while non-German-based dental investments, operations and activities were contributed to DH GmbH. Collectively, Dental KG, DH GmbH, and their majority owned subsidiaries, comprise Degussa Dental.

On May 29, 2001, Degussa AG entered into a sale and purchase agreement to sell Degussa Dental to Dentsply International, Inc. ("DENTSPLY"), subject to regulatory approval. The combined financial statements are presented on a historical cost basis and do not reflect any adjustments that might be recorded by DENTSPLY in its application of purchase accounting.

The accompanying combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the results of operations and assets and liabilities directly related to Degussa Dental's operations. The accompanying combined financial statements may not necessarily be indicative of the results of operations, financial positions and cash flows of Dental KG and DH GmbH had they operated as separate independent companies for the duration of the periods presented, nor are they an indicator of future performance.

As the businesses in the combined financial statements are included in multiple consolidated tax returns and in multiple tax jurisdictions, the effective tax rate does not reflect the structure and tax strategies that could be in place if the businesses were conducted by a separate legal entity.

The effects of capital transactions between Degussa Dental and Degussa AG are included in "Investments by and advances from Degussa AG" in the accompanying combined balance sheets and statements of equity and comprehensive income.

Degussa Dental's operations have been financed partly through contributions from Degussa AG and partly through third-party debt. Prior to the formation of Degussa Dental in July 2000, Degussa AG did not allocate interest charges to the contributed businesses. Accordingly, such interest expense is not included in the accompanying combined statements of income. In connection with the formation of Degussa Dental certain loans with Degussa AG were created. Interest expense associated with those related party loans that accrue interest is included in the accompanying combined statements of income.

Unless otherwise noted, all amounts are stated in thousands of euro.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements of the Company include all significant entities in which Dental KG or DH GmbH have legal or effective control after completion of the reorganization program described above. All significant transactions between combined businesses have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less, including cash pool position with related parties, to be cash equivalents (see note 14).

Inventories

Inventories are stated at the lower of cost or market. The cost of precious metals inventories are determined using the last-in, first-out ("LIFO") method while the cost of other inventory components is determined primarily using the average cost method. Cost consists of purchased component costs and manufacturing costs, which are comprised of direct material and labor costs and applicable indirect costs.

Impairment of Long-Lived Assets

The Company accounts for long-lived assets in accordance with the provisions of Statement of Financial Accounting Standard ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of". This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstance indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Plant and equipment under capital leases are stated at the present value of minimum lease payments. Expenditures for maintenance and repairs are charged to expense as incurred while replacements and major improvements are capitalized.

Depreciation on plant and equipment is recognized using accelerated or straight-line methods over the useful lives of related assets. Useful lives range from 10 to 40 years for buildings and from 3 to 15 years for machinery and equipment.

Identifiable Intangible Assets

Identifiable intangible assets primarily consist of patents, trademarks and capitalized software costs and are amortized on a straight-line basis over their estimated useful lives.

Costs in Excess of Fair Value of Net Assets Acquired

The excess of costs of acquired businesses over the fair value of net assets acquired ("goodwill") is amortized on a straight-line basis over the expected periods to be benefited, generally 15 years, and is stated net of accumulated amortization of 21.7 million and 17.8 million as of June 30, 2001 and December 31, 2000, respectively. The Company assesses the recoverability of goodwill based on projected undiscounted future operating cash flows of the acquired operation. The amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows.

Costs of Computer Software Developed or Obtained for Internal Use

Certain external direct costs of materials and services consumed in developing or obtaining internal use computer software and payroll related costs for employees associated with internal-use software projects are capitalized and amortized on a straight- line basis over four years. While no material software costs were capitalized in the six months ended June 30, 2001, costs of 1.2 million were capitalized during the year ended December 31, 2000. Amortization expense was 200 for both the six months ended June 30, 2001 and the year ended December 31, 2000.

Derivative Financial Instruments

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the effective Date of FASB Statement No. 133", which amended SFAS No. 133 to delay its effective date by one year. SFAS No. 133 requires that all derivative instruments be recorded in the balance sheet at fair value. Changes in the fair value of derivatives will be recorded each period in earnings or other comprehensive income, depending on whether a derivative is designated as a part of a hedge transaction and, if it is, the type of hedge transaction. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedge Activities" which amended SFAS No. 133. This statement, as amended by SFAS 137 and SFAS 138, was adopted effective January 1, 2001. The adoption of SFAS 133 did not have a material impact on net income for the six months ended June 30, 2001.

The Company utilizes a limited number of derivative financial instruments in order to manage a portion of its exposure related to foreign exchange, interest rate and commodity price fluctuations. All derivatives are recognized in the accompanying combined balance sheets at their fair value. As these financial instruments do not meet the criteria established by SFAS No. 133 for deferring unrealized gains and losses on hedging transactions, changes in fair value are reported in current-period earnings. The aggregate notional amount and fair value of all derivative instruments is 6.5 million and (24), respectively, as of June 30, 2001 and 1.9 million and 10, respectively, as of December 31, 2000. The Company does not enter into derivatives for trading purposes.

Foreign Currency

Assets and liabilities of foreign subsidiaries where the functional currency is other than the euro are translated at exchange rates as of the respective balance sheet dates. Revenues and expenses of those subsidiaries are translated at the weighted average year- to-date exchange rates of the respective period. The effects of these translation adjustments are included in other comprehensive income and reported as a separate component of combined equity.

Foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction. Receivables and payables denominated in foreign currencies are remeasured at the exchange rate in effect as of the respective balance sheet dates. Net foreign currency transaction gains of 373 and 47 for the six months ended June 30, 2001 and for December 31, 2000, respectively, are included in other operating expense, net in the accompanying combined statements of income.

Revenue Recognition

Revenue, net of allowances for related discounts, is recognized when finished product is shipped and risk of ownership has transferred to the customer.

A significant portion of Degussa Dental's products include precious metals. Market prices of precious metals are highly volatile and can lead to significant fluctuations in the Company's sales prices and gross profit margins (see note 4).

Research and Development Costs

Research and development costs are expensed as incurred. For the six months ended June 30, 2001 and the year ended December 31, 2000, research and development costs of 7.3 million and 18.1 million, respectively, are included in selling, general and administrative expense in the accompanying combined statements of income.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The businesses in the combined financial statements are included in multiple consolidated tax returns and in multiple tax jurisdictions. There is no formal tax allocation agreement between the various Degussa Dental businesses and Degussa AG. The tax amounts reflected in the accompanying combined financial statements have been computed as if each of the contributed businesses had filed separate tax returns.

While the legal forms of Dental KG, and Ducera Dental GmbH & Co. KG ("Ducera") in 2000, were limited partnerships which are not generally subject to German corporation income tax, the income tax expense for these German entities has been presented in the accompanying combined financial statements as if Dental KG, and Ducera in 2000, were stand-alone corporate entities. Accordingly, the German corporation tax effects normally passed through to Degussa AG are included in the accompanying combined financial statements as if all earnings were distributed currently.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Minority Interests

Minority interests in the equity and results of the entities controlled by Degussa Dental are shown as a separate item in the combined financial statements. The entities included in the combined financial statements that have minority interests as of June 30, 2001 and December 31, 2000 are as follows:

	Minority Ownership Percentage
Sankin Kogyo K.K., Tokyo	5.6%
Probem S.A., Catanduva	40.0%

New Accounting Standards Not Yet Adopted

In June 2001, the FASB issued SFAS No.141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001. SFAS No. 141 also specifies the types of acquired intangible assets that are required to be recognized and reported separately from goodwill and those acquired intangible assets that are required to be included in goodwill. SFAS No. 142 will require that goodwill no longer be amortized, but instead tested for impairment at least annually. SFAS No. 142 will also require recognized other intangible assets to be amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". Any recognized intangible asset determined to have an indefinite useful life will not be amortized, but instead tested for impairment until its life is determined to no longer be indefinite.

The Company is required to adopt the provisions of SFAS No. 141 and SFAS No. 142 on January 1, 2002, with the exception of the immediate requirement to use the purchase method of accounting for all future business combinations completed after September 30, 2001. Early adoption and retroactive application of these standards is not permitted. However, goodwill, and any intangible asset determined to have an indefinite useful life, that is acquired in a business combination completed after June 30, 2001 will not be amortized. Goodwill and intangible assets acquired in business combinations completed before July 1, 2001 will continue to be amortized until December 31, 2001.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees. SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and subsequently allocated to expense over the asset's useful life. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 retains the current requirement to recognize an impairment loss only if the carrying amounts of long-lived assets to be held and used are not recoverable from their expected undiscounted future cash flows. However, goodwill is no longer required to be allocated to these long-lived assets when determining their carrying amounts. SFAS No. 144 requires that a long-lived asset to be abandoned, exchanged for a similar productive asset, or distributed to owners in a spin- off be considered held and used until it is disposed. However, SFAS No. 144 requires the depreciable life of an asset to be abandoned be revised. SFAS No. 144 requires that long- lived assets to be disposed of by sale be recorded at the lower of their carrying amount or fair value less cost to sell and to cease depreciation (amortization). Therefore, discontinued operations are no longer measured on a net realizable value basis, and future operating losses are no longer recognized before they occur. The provisions of SFAS No. 144 are effective for fiscal years beginning after December 15, 2001.

The Company is not currently able to determine the potential effects of adopting these new standards.

NOTE 3 - ACCOUNTS AND NOTES RECEIVABLE

The Company sells dental equipment and supplies primarily to the end user. For customers on credit terms, the Company performs ongoing credit evaluation and generally does not require collateral. Accounts and notes receivable-trade are stated net of an allowance for doubtful accounts of 4.5 million and 2.9 million as of June 30, 2001 and December 31, 2000, respectively.

NOTE 4 - INVENTORIES

Inventories consist of the following:

	June 30, 2001	December 31, 2000
Finished goods	82,633	92,956
Work-in-process	10,481	8,937
Raw materials and supplies	10,294	9,640
	103,408	111,533

Inventories valued under the LIFO method are 40.4 million and 55.0 million, respectively. The current cost of LIFO inventories as of June 30, 2001 and December 31, 2000 was greater than the amount at which these inventories were carried in the combined balance sheet by 52.1 million and 89.1 million, respectively.

As a result of LIFO inventory liquidation, earnings before taxes was increased by approximately 15.0 million for the six months ended June 30, 2001. For the year ended December 31, 2000, earnings before taxes was not affected because there was no LIFO inventory liquidation.

NOTE 5 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses relate primarily to advance payments for leases and rental and maintenance contracts.

Other current assets consist primarily of V.A.T. refunds receivable of 1.4 million and 10.8 million as of June 30, 2001 and December 31, 2000, respectively.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	June 30, 2001	December 31, 2000
Assets, at cost:		
Land	19,636	19,248
Buildings and improvements (note 12)	50,227	49,707
Machinery and equipment	62,245	59,708
Construction in progress	942	898
	133,050	129,561
Less: accumulated depreciation (note 12)	75,419	72,933
	57,631	56,628

NOTE 7 - IDENTIFIABLE INTANGIBLE ASSETS

Identifiable intangible assets consist of the following:

	June 30, 2001	December 31, 2000	Estimated useful lives (years)
Acquired patents	17,792	16,028	5-20
Acquired trademarks	21,003	21,003	5-20
Capitalized software	2,341	2,570	4
Other	76	82	3-10
	41,212	39,683	
Less: accumulated amortization	6,371	5,545	
	34,841	34,138	

NOTE 8 - ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	June 30, 2001	December 31, 2000
Allowance for customer discounts and rebates	4,591	8,366
Personnel expenses	8,047	7,668
Other	6,069	6,475
	18,707	22,509

NOTE 9 - FINANCING ARRANGEMENTS

Short-term notes payable

	June 30, 2001	December 31, 2000
Notes payable to banks, weighted average interest rate 15.82%	6,112	7,404
Loans payable to Degussa AG	15,450	64,360
	21,562	71,764

Degussa Dental has unused lines of credit for short-term financing of 14 million as of June 30, 2001. Interest applicable to these lines of credit varies according to market conditions in the country of origin.

Letters of credit of Degussa AG secure 4.9 million of the short-term notes payable to banks outstanding as of June 30, 2001. Inventory is pledged to secure additional amounts of 0.2 million, and the remaining amount is unsecured.

On March 9, 2001 the Company repaid a 50 million loan from Degussa AG, bearing interest at the European overnight interest rate average, which was outstanding as of December 31, 2000.

Approximately 13 million of the loans payable to Degussa AG as of June 30, 2001 and December 31, 2000 represents a non-interest bearing loan to DH GmbH. No imputed interest expense has been recorded in the accompanying combined financial statements related to this loan.

The remaining balance of loans payable to Degussa AG as of June 30, 2001 is comprised of a 2.4 million loan to the Japanese operating subsidiary which bears interest at 0.2%. This loan renews monthly on a roll-over basis.

Long-Term Borrowings

	June 30, 2001	December 31, 2000
Secured mortgage notes payable, weighted average rate 2.96%, due 2002-2005	7,489	8,813
Installment loans, weighted average rate 2.50%, due 2002-2004	2,372	2,800
	9,861	11,613
Less: current portion of long-term debt	3,135	2,917
	6,726	8,696

Outstanding installment loans are guaranteed by letters of credit from Degussa AG.

Aggregate maturities of long-term debt are as follows:

Year ending June 30	
2002	3,135
2003	2,265
2004	2,955
2005	1,329
2006	177
	9,861

NOTE 10 - INCOME TAXES

The components of earnings before income taxes are as follows:

	Six months ended June 30, 2001	Year ended December 31, 2000
Germany	16,009	6,083
Foreign	4,440	8,166
	20,449	14,249

The components of income tax expense (benefit) are as follows:

	Six months ended June 30, 2001	Year ended December 31, 2000
Current:		
German	8,772	7,395
Foreign	1,527	3,574
Total	10,299	10,969
Deferred:		
German	(1,930)	(9,199)
Foreign	80	(930)
Total	(1,850)	(10,129)
Total income tax expense	8,449	840

In 2000, the German government enacted new tax legislation which, among other changes, will reduce the statutory corporate tax rate for German companies from 40% on retained earnings and 30% on distributed earnings to a uniform 25% effective for the year beginning January 1, 2001. The effects of the reductions in the tax rate and other tax law changes on the deferred tax assets and liabilities of the Group's German companies were recognized in the year of enactment and resulted in deferred tax benefit of 8.6 million for the year ended December 31, 2000.

Prior to the 2000 tax law changes becoming effective, German corporation tax law applied a split rate imputation system to the income taxation of a corporation and its shareholders. Upon distribution of retained earnings in the form of a dividend, shareholders subject to German tax received a credit for corporation taxes paid by the corporation on such distributed earnings. In addition, the corporation received a tax refund to the extent such earnings had been initially subjected to a corporation income tax in excess of 30%. The tax refund was also distributed to the shareholders.

In general, prior to 2001, retained (undistributed) German corporate income was initially subject to a federal corporation income tax currently at a rate of 40% for 2000 plus a surcharge of 5.5% on federal corporate taxes payable. Giving effect to the surcharge, the federal corporate tax rate was 42.2% for the year ended December 31, 2000. Upon distribution of certain retained earnings generated in Germany to stockholders, the corporate income tax rate on the earnings was adjusted to 30%, plus a solidarity surcharge of 5.5% for a total of 31.65%, by means of a refund for taxes previously paid. Under the new German corporate tax system, during a 15 year transition period beginning on January 1, 2001, Degussa Dental will continue to receive a refund or pay additional taxes on the distribution of retained earnings which existed as of December 31, 2000.

As discussed in Note 2, actual income tax expense reflects the amount of distribution of that year's earnings of the German operations. As such, the refund of tax described above is reflected in the income tax expense reconciliation presented below.

For the six months ended June 30, 2001 and the year ended December 31, 2000, actual income tax expense differed from the amounts computed by applying the German federal corporation income tax rate of 25% for 2001 and 40% for 2000, to earnings before income taxes as a result of the following:

	Six months ended June 30, 2001	Year ended December 31, 2000
Expected income tax at statutory federal rate	5,112	5,700
Effect of:		
Trade tax & solidarity tax, net of Federal benefit	3,783	2,022
Benefit of distributed rate --		(1,503)
Tax holiday	(123)	(782)
Nondeductable expenses	440	1,377
Goodwill	788	2,522
Provision release	(1,618)	--
Tax rate change	--	(8,577)
Other	67	81
Actual income tax expense	8,449	840

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

	June 30, 2001	December 31, 2000
Deferred tax assets:		
Intangible assets	224	984
Property, plant and equipment	432	404
Financial assets	88	942
Inventories	2,008	1,840
Receivables and other current assets	338	427
Pension accruals	3,531	3,232
Other accruals	2,109	1,865
Payables	449	374
Tax loss carry-forwards	1,078	1,244
Total deferred tax assets	10,257	11,312

	June 30, 2001	December 31, 2000
Deferred tax liabilities:		
Intangible assets	(12,180)	(13,028)
Property, plant and equipment	(2,410)	(2,438)
Inventories	(10,251)	(11,414)
Receivables and other current assets	(131)	(220)
Other accruals	(33)	(34)
Total deferred tax liabilities	(25,005)	(27,134)
Net deferred tax liabilities	(14,748)	(15,822)

The combined financial statements include certain assets, goodwill and other intangibles, the tax bases of which will remain with Degussa AG upon completion of the sale of Degussa Dental to DENTSPLY. Deferred tax benefits related to this goodwill and other intangibles of 854 and 503 as of June 30, 2001 and December 31, 2000, respectively, have been included in the combined financial statements.

Subsidiaries of the Company in Brazil and Japan have tax loss carry-forwards of 4.7 million as of June 30, 2001, of which 1.2 million expire through 2006 and 3.5 million may be carried forward indefinitely. The Company believes that sufficient future taxable income will be generated by these subsidiaries to realise the benefits of these tax loss carry-forwards.

As no distributions in the foreseeable future from foreign subsidiaries are planned, deferred taxes have not been recorded for these undistributed earnings. If such distributions were to occur, it is expected that the related tax effects would be partially offset by tax benefits generated from the distribution. Undistributed earnings as of June 30, 2001 amounted to 6.1 million.

NOTE 11 - BENEFIT PLANS

The Company maintains a number of separate contributory and non-contributory defined benefit pension plans for a significant portion of its hourly and salaried employees. Pension benefits are generally based upon age, salary and years of service.

Unrecognized actuarial gains and losses are amortized over the average remaining service lives of employees, with the exception of actuarial gains and losses related to German plans, which are recorded in the year in which they arise.

SFAS No. 87 requires the recognition of a minimum pension liability if a plan's accumulated benefit obligation is greater than its projected benefit obligation less unrecognized items. As this is the case for certain foreign plans, 143 and 148 are included in the pension liability as of June 30, 2001 and December 31, 2000, respectively, with corresponding amounts recorded as intangible assets and included in other non-current assets in the accompanying combined balance sheets.

	June 30, 2001			December 31, 2000		
	German	Foreign	Total	German	Foreign	Total
Reconciliation of Projected Benefit Obligation						
Benefit obligation at beginning of period	8,592	11,593	20,185	7,840	10,860	18,700
Service cost	182	493	675	342	876	1,218
Interest cost	257	225	482	490	394	884
Participant contributions	--	27	27	--	58	58
Actuarial (gains) losses	(221)	1,371	1,150	(80)	121	41
Benefits assumed and paid	--	(420)	(420)	--	(716)	(716)
Benefit obligation at end of period	8,810	13,289	22,099	8,592	11,593	20,185
Reconciliation of Plan Assets						
Fair value of plan assets at beginning of period	--	4,662	4,662	--	4,196	4,196
Actual return on assets	--	108	108	--	171	171
Employer contributions	--	508	508	--	853	853
Participant contributions	--	27	27	--	58	58
Benefits paid	--	(397)	(397)	--	(617)	(617)
Fair value of plan assets at end of period	--	4,908	4,908	--	4,661	4,661
Reconciliation of Funded Status						
Actuarial present value of projected benefit obligations	8,810	13,289	22,099	8,592	11,593	20,185
Plan assets at fair value	--	4,908	4,908	--	4,662	4,662
Funded status	(8,810)	(8,381)	(17,191)	(8,592)	(6,931)	(15,523)
Adjustment to recognize minimum liability	--	(143)	(143)	--	(148)	(148)
Unrecognized net actuarial gain	(10)	2,299	2,289	13	1,062	1,075
Accrued benefit cost	(8,820)	(6,225)	(15,045)	(8,579)	(6,017)	(14,596)

The amounts recognized in the accompanying combined balance sheets are as follows:

	June 30, 2001			December 31, 2000		
	German	Foreign	Total	German	Foreign	Total
Pension obligation	8,820	6,225	15,045	8,579	6,017	14,596
Identifiable intangible assets	--	143	143	--	148	148
Net amount recognized	8,820	6,082	14,902	8,579	5,869	14,448

The aggregate benefit obligation for those plans where the accumulated benefit obligation exceeded the fair value of plan assets was 2.8 million as at June 30, 2001 and December 31, 2000, respectively.

	June 30, 2001			December 31, 2000		
	German	Foreign	Total	German	Foreign	Total
Service cost	182	493	675	342	876	1,218
Interest cost	837	225	1,062	1,928	394	2,322
Expected return on plan assets	--	(108)	(108)	--	(186)	(186)
Gains and losses	(219)	147	(72)	(80)	293	213
Net periodic benefit cost	800	757	1,557	2,190	1,377	3,567

The weighted average assumptions used in accounting for the Company's plans are as follows:

	June 30, 2001		December 31, 2000	
	German	Foreign	German	Foreign
Discount rate	6.3%	3.7%	6.3%	3.8%
Expected return on plan assets	--	4.6%	--	4.4%
Rate of compensation increase	2.6%	4.3%	2.6%	4.1%

As described in Note 1, certain pension obligations related to retirees were not transferred from Degussa AG upon formation of Degussa Dental. Accordingly, those obligations are not included in the benefit obligation noted above. However, as they are clearly identifiable to Degussa Dental, interest costs on the retiree pension obligation of 0.6 million and 1.4 million are included in net periodic pension cost for the six months ended June 30, 2001 and the year ended December 31, 2000, respectively.

NOTE 12 - LEASES

The Company is obligated under a capital lease with a related party covering its headquarters in Hanau, Germany that expires in eighteen years. As of June 30, 2001 and December 31, 2000, the gross amount of the building and related accumulated amortization recorded under the capital lease were as follows:

	June 30, 2001	December 31, 2000
Buildings	11,758	11,758
Less: accumulated amortization	2,458	2,294
	9,300	9,464

Amortization of assets held under capital leases was 0.2 million and 0.3 million for the six months ended June 30, 2001 and the year ended December 31, 2000.

The Company also has several noncancelable operating leases for automobiles and certain office, warehouse, machinery and equipment and manufacturing facilities. These leases generally require the Company to pay all executory costs such as maintenance and insurance.

Rental expense for the six months ended June 30, 2001 and the year ended December 31, 2000 was 2.7 million and 4.7 million, respectively.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of June 30, 2001 are:

Year ending June 30,	Capital leases	Operating leases
2002	1,009	2,487
2003	1,009	1,815
2004	1,009	1,691
2005	1,009	1,531
2006	1,009	1,371
Later years, through 2018	10,887	--
Total minimum lease payments	15,932	8,895
Less: interest discount	6,440	
Present value of net minimum capital lease payments	9,492	
Less: current installments	381	
Obligations under capital leases, excluding current installments	9,111	

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company believes the carrying amounts of cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued liabilities, income taxes payable and short-term debt approximate fair value due to the short-term nature of these instruments. The Company also believes the carrying amount of long-term debt approximates fair value as the interest rates are either variable or close to current market rates.

NOTE 14 - RELATED PARTY TRANSACTIONS

In the normal course of business, Degussa Dental conducts transactions with Degussa AG and entities under the direct control of Degussa AG (together, "Related Parties").

The Company maintains its cash in a bank controlled by Degussa AG and participates in a cash pool administered by Degussa AG. Degussa Dental companies which are part of the different euro-cash-pools in Germany and the Netherlands deposit their excess cash in overnight cash-pool accounts at a rate of EONIA minus 0.125%.

In addition, Degussa Dental sells a portion of its products to entities under the direct control of Degussa AG for resale to third parties. Associated amounts receivable from Related Parties as of the respective balance sheet dates consist of the following:

	June 30, 2001	December 31, 2000
Trade receivables	1,700	6,692
Other receivables	--	3,510
Total	1,700	10,202

Related party interest income of 0.3 million and 1.1 million is recorded in the accompanying combined statements of income for the six months ended June 30, 2001 and the year ended December 31, 2000, respectively.

Degussa Dental buys certain raw materials, primarily precious metals, from entities under the direct control of Degussa AG. Associated liabilities due to related parties as of the respective balance sheet dates consist of the following:

	June 30, 2001	December 31, 2000
Trade payables	4,856	3,468
Other payables	--	14,631
Total	4,856	18,099

For the six months ended June 30, 2001 and the year ended December 31, 2000 related party interest expense of 1.2 million and 3.1 million, respectively is recorded in the accompanying combined statements of income.

Sale and purchase activity with Related Parties during the six months ended June 30, 2001 and the year ended December 31, 2000 was as follows:

	2001	2000
Sales	11,505	15,303
Purchases	92,738	200,512

Historically, Degussa AG has provided services to and incurred costs on behalf of Degussa Dental. The types of services provided include: administrative services, employee benefit administration, insurance, tax services, treasury services, and accounting and reporting. The cost of such services has been allocated based upon service contracts between the relevant parties as well other methods including the use of time estimates, headcount and transaction statistics, working capital ratios and other similar activity- based or financial relationships. Allocated related party expenses of 8.3 million and 17.1 million for the six months ended June 30, 2001 and the year ended December 31, 2000, respectively, are included in the accompanying combined statements of income.

While management believes the allocations supporting these expenses is reasonable, such expenses may not be indicative of the costs that would have been incurred if Degussa Dental had performed the related functions or received services as a stand-alone entity. It is not practicable to estimate what these expenses would have been had Degussa Dental operated as an unaffiliated entity.

The components of net activity with Degussa AG during the six months ended June 30, 2001 and the year ended December 31, 2000 are as follows:

	2001	2000
Creation of short-term debt upon legal formation	--	(64,360)
Interest expense related to pension obligations not transferred upon legal formation	656	1,438
Common costs incurred and paid by Degussa AG	--	2,200
Distributions to Degussa AG	(2,747)	(7,223)
Contributions from Degussa AG	10,225	--
Other	--	1,305
	8,134	(66,640)

NOTE 15 - SUPPLEMENTAL CASH FLOW INFORMATION

	Six months ended June 30, 2001	Year ended December 31, 2000
Interest paid	1,819	2,577
Income taxes paid	1,062	1,947

NOTE 16 - COMMITMENTS, CONTINGENCIES AND SIGNIFICANT RISKS

Degussa Dental is subject to various lawsuits, claims and proceedings arising in the normal course of business. Management believes the ultimate disposition of these matters will not have a material adverse effect on the Company's combined financial position or results of operations or liquidity.

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from historical results include, but are not limited to, significant seasonal fluctuations relating especially to summer vacation effects on dental practices and laboratories in Germany, as well as overall economic developments, both domestic and foreign, and in particular relating to Germany, the United States, Japan and Brazil.

NOTE 17 - SUBSEQUENT EVENT

On October 2, 2001 Degussa AG completed the sale of Degussa Dental to DENTSPLY.

DEGUSSA DENTAL
INDEPENDENT AUDITORS' REPORT

The Board of Directors
Degussa AG:

We have audited the accompanying combined balance sheets of Degussa Dental Group as of June 30, 2001 and December 31, 2000, and the related combined statements of income, equity and comprehensive income, and cash flows for the six months ended June 30, 2001 and the year ended December 31, 2000. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Degussa Dental Group as of June 30, 2001 and December 31, 2000, and the results of its operations and its cash flows for the six months ended June 30, 2001 and the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG Deutsche Treuhand-Gesellschaft AG

KPMG Deutsche Treuhand-Gesellschaft AG
Wirtschaftsprufungsgesellschaft

Frankfurt am Main, Germany
September 28, 2001 (except as to note 17, which is as of October 2, 2001)

PRESENTATION OF DENTSPLY PRO FORMA FINANCIAL INFORMATION

The pro forma financial information for the year ended 31st December, 2000 and as at, and for the six months ended 30th June 2001, relating to DENTSPLY and included on pages F-72 to F-80 of this document (the "DENTSPLY Pro Forma Financial Information") has been prepared on the basis that the acquisition of Friadent, the AZ Acquisition and the Degussa Dental Acquisition had been completed on 1st January, 2000 and taking into account a sale/leaseback of precious metals owned by Degussa Dental. These acquisitions are respectively described under "Description of DENTSPLY - History and Overview" and "The Degussa Dental Acquisition". There are certain limitations relating to the DENTSPLY Pro Forma Financial Information which are described in more detail in the DENTSPLY Pro Forma Financial Information and which include, in particular, the fact that complete stand-alone historical financial information was not available for the business acquired in the AZ Acquisition since that business had not previously been separately identified as an operating unit by AstraZeneca PLC.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

These pro forma historical unaudited combined balance sheets and statements of income of DENTSPLY are provided for illustrative purposes only and, because of their nature, may not give a true picture of DENTSPLY's financial position or results.

The pro forma unaudited combined balance sheets and statements of income and other selected financial and statistical information of DENTSPLY do not necessarily reflect the results of operations or financial results of DENTSPLY that would have actually resulted had the acquisitions referred to below been consummated as of the dates indicated and are not intended to project DENTSPLY'S financial condition or results for any future period.

For the purposes of preparing the pro forma unaudited combined financial statements euro amounts appearing in the combined historical financial statements of Degussa Dental have been translated into U.S. dollars using an exchange rate of U.S.$1.00 = (euro)0.89 for the statement of income for the six months ended 30th June, 2001, U.S.$1.00 = (euro)0.85 for the balance sheet as of 30th June, 2001, and U.S.$1.00 = (euro)0.93 for the statement of income for the year ended 31st December, 2000.

The following unaudited pro forma combined financial statements have been derived from the application of pro forma adjustments to the combined historical financial statements of DENTSPLY and Degussa Dental which are included in this document. The unaudited pro forma combined statement of income for the year ended 31st December, 2000 also reflects the application of pro forma adjustments to a sale/leaseback of precious metals owned by Degussa Dental and to the historical financial information of two additional DENTSPLY acquisitions completed in 2001: Friadent GmbH ("Friadent"), a major global dental implant manufacturer, and AstraZeneca's dental injectible anesthesia business ("AZ"). The Friadent historical financial information was derived from Friadent's various operating units' audited statutory financial statements prepared in conformity with their respective country's generally accepted accounting principles ("GAAP") and was consolidated by DENTSPLY Management. Complete stand-alone historical financial information was not available for AZ since the business purchased was a carve-out of the AstraZeneca business and was not separately identified as an operating unit. As a result, the AZ historical financial information was derived from data presented in AZ's sale information memorandum and estimates made by Management.

The unaudited pro forma combined financial statements as at and for the six months ended 30th June, 2001 and for the year ended 31st December, 2000 reflect the purchase in October 2001 of Degussa Dental for an expected final purchase price of (euro)576 million or US$530 million using the exchange rate at closing of 0.92 US$/euro, as if it had occurred on 1st January, 2000 and 30th June, 2001 for pro forma income statement and balance sheet purposes, respectively. In addition, the pro forma combined income statement for the year ended 31st December, 2000 reflects the 12th January, 2001 purchase of Friadent for DM 220 million or US$106 million and the 1st March, 2001 purchase of AZ for US$96.5 million, as if they occurred on 1st January, 2000.

Based on the unaudited pro forma combined financial information presented, the combined companies would have had assets of U.S.$1.7 billion, long-term debt of U.S.$825.1 million and stockholders' equity of U.S.$562.7 at 30th June, 2001. The combined companies would have also had sales of U.S.$720.4 million, net income of U.S.$66.3 million and diluted earnings per share of U.S.$1.26 during the six months ended 30th June, 2001 and sales, net income and diluted earnings per share of U.S.$1.5 billion, U.S.$91.8 million and U.S.$1.75, respectively, for the year ended 31st December, 2000. Additionally, based on the unaudited pro forma combined financial information and estimates made by DENTSPLY's Management regarding the historical depreciation and amortisation of the acquired companies, the combined companies would have had earnings before interest, taxes, depreciation and amortization, excluding unusual items, (EBITDA) of approximately U.S.$125 million and U.S.$253 million for the six months ended 30th June, 2001 and the year ended 31st December, 2000, respectively. The pro forma adjustments are described in the accompanying notes to the unaudited pro forma combined financial statements. The unaudited pro forma combined financial information does not purport to represent the financial position or results of operations for the combined companies at any future date or for any future periods.

The unaudited pro forma combined financial information, including the notes to the unaudited pro forma combined financial statements, should be read in conjunction with the historical consolidated financial statements and consolidated condensed financial statements of DENTSPLY and the combined financial statements of Degussa Dental, including the notes to these statements, included in this document. See the financial information on pages F-3 to F-69.

The Friadent and AZ acquisitions have been accounted for, and the Degussa Dental acquisition will be accounted for, using the purchase method of accounting. The purchase price of Friadent and AZ, including actual fees and expenses related to the acquisitions, has been allocated to the tangible and identifiable intangible assets and liabilities of Friadent and AZ based upon DENTSPLY's estimate of the fair value of the assets acquired and the liabilities assumed. The remaining purchase price has been allocated to goodwill, which is the excess of cost over the fair value of the net assets acquired, and included in "Costs in excess of fair value of net assets acquired, net" in the unaudited pro forma combined balance sheet. The purchase price for Degussa Dental, including estimated fees and expenses, has been preliminarily allocated to inventory (to record acquired precious metals and other inventories at fair market value), identifiable intangible assets and goodwill, pending the completion of valuations of acquired tangible and intangible assets and liabilities. Goodwill is included in "Cost in excess of businesses acquired, less amortization" in the unaudited pro forma combined balance sheet. The pro forma adjustments directly attributable to the acquisition relate primarily to the allocation of purchase price to the fair value of the net assets acquired and the depreciation and amortization of the fair value adjustments over their estimated useful lives.

The allocation of purchase price for Degussa Dental may be revised when additional information concerning valuations of various tangible and intangible assets and liabilities becomes available. Accordingly, the final purchase price allocation for Degussa Dental could be different from the amounts reflected in the unaudited pro forma combined financial information. In addition, the unaudited pro forma combined financial information gives effect only to the adjustments set forth in the accompanying notes and does not reflect all restructuring costs, nor any potential cost savings or other synergies that DENTSPLY management expects to realize as a result of the acquisitions. Plans are being currently developed to integrate the operations of the companies, which may involve various costs including employee severance expenses and asset write-offs. Some of these costs may be accounted for as accrued liabilities and included in the allocation of the purchase price consideration at the date of the combination. However, the plans are not yet sufficiently advanced to determine the total amount of those costs which would be accounted for as accrued liabilities on the effective date of the combination. To the extent that these costs are not accounted for as accrued liabilities at the date of the combination, a charge may be recorded, which may be material. The total amount of the charge cannot be quantified at this time, but it is expected to be recognized in the period in which the restructuring occurs.

DENTSPLY PRO FORMA FINANCIAL INFORMATION

DENTSPLY INTERNATIONAL INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED 30th JUNE, 2001

	DENTSPLY	Degussa Dental	Degussa Dental Pro Forma Adjustments	Note (1)	Combined DENTSPLY and Degussa Dental
	(in thousands, except per share amounts)				
Net sales	$ 500,304	$ 220,080	$ --	i)	$720,384
Cost of products sold	236,763	138,914	--	i)	375,677
Gross profit	263,541	81,166	--		344,707
Selling, general and administrative expenses	178,784	54,665	1,667	e)	235,116
Other operating expense, net	--	6,560	(3,623)	g)	4,337
	--	--	1,400	c)	
Restructuring and other costs (income)	5,500	--	--		5,500
Operating income	79,257	19,941	556		99,754
Other income and expenses:					
Interest expense	7,877	2,188	11,640	f)	19,517
			(2,188)	b)	
Interest income	(484)	(600)	600	b)	(484)
Other expense (income), net	(23,720)	81	--		(23,639)
Income before income taxes	95,584	18,272	(9,496)		104,360
Provision for income taxes	33,854	7,549	(3,324)	h)	38,079
Net income	$ 61,730	$ 10,723	$ (6,172)		$66,281
Earnings per common share:					
Basic	$ 1.19				$ 1.28
Diluted	1.18				1.26
Weighted average common shares outstanding:					
Basic	51,695				51,695
Diluted	52,471				52,471

DENTSPLY PRO FORMA FINANCIAL INFORMATION

DENTSPLY INTERNATIONAL INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF 30th JUNE, 2001

	DENTSPLY	Degussa Dental	Degussa Dental Pro Forma Adjustments	Note (1)	Combined DENTSPLY and Degussa Dental
	(in thousands, except per share amounts)				
Assets					
Current assets:					
Cash and cash equivalents	$16,960	$ 2,526	$ (2,526)	b)	$16,960
Accounts and notes receivable-trade, net	136,452	56,836	--		193,288
Accounts receivable from affiliated companies	--	1,442	--		1,442
Inventories, net	154,672	87,721	30,000	c)	202,393
			(70,000)	c)	
Prepaid expenses and other current assets	41,871	7,077	--		48,948
Total current assets	349,955	155,602	(42,526)		463,031
Property, plant and equipment, net	185,515	48,888	--	d)	234,403
Identifiable intangible assets, net	165,094	29,556	50,000	e)	244,650
Costs in excess of fair value of net assets acquired, net	410,432	85,574	328,520	g)	738,952
	--	--	(85,574)	g)	
Other noncurrent assets	51,827	6,261	--		58,088
Total assets	$ 1,162,823	$ 325,881	$ 250,420		$ 1,739,124
Liabilities and stockholders' equity					
Current liabilities:					
Accounts payable	$ 45,063	$ 11,526	$--		$56,589
Accounts payable due to affiliated companies	--	4,119	--		4,119
Accrued liabilities	101,220	15,869	--		117,089
Income taxes payable	36,015	28,426	(16,006)	b)	48,435
Other current liabilities	--	7,328	--		7,328
Notes payable and current portion of long-term debt	1,480	20,950	(20,950)	b)	1,480
Total current liabilities	183,778	88,218	(36,956)		235,040
Long-term debt	340,116	5,706	485,000	f)	825,116
			(5,706)	b)	
Deferred income taxes	25,257	12,533	--		37,790
Other noncurrent liabilities	46,642	26,802	--		73,444
Total liabilities	595,793	133,259	442,338		1,171,390
Minority interests in consolidated subsidiaries	4,355	704	--		5,059
Commitments and contingencies					
Stockholders' equity	562,675	191,918	(191,918)		562,675
Total liabilities and stockholders' equity	$ 1,162,823	$ 325,881	$ 250,420		$ 1,739,124

DENTSPLY PRO FORMA FINANCIAL INFORMATION

DENTSPLY INTERNATIONAL INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED 31st DECEMBER 2000

	DENTSPLY	Degussa Dental	Degussa Dental Pro Forma Adjustments	Note (1)	Combined DENTSPLY and Degussa Dental	Combined AZ and Friadent	Combined AZ and Friadent Pro Forma Adjustments	Note (2)	Combined DENTSPLY, Degussa Dental, AZ and Friadent
	(in thousands, except per share amounts)								
Net sales	$ 889,796	$ 453,880	$--	i)	$1,343,676	$ 111,613	$--		$1,455,289
Cost of products sold	426,202	318,267	--		744,469	54,931	--		799,400
Gross profit	463,594	135,613	--		599,207	56,682	--		655,889
Selling, general and administrative expenses	299,734	114,722	--		417,789	42,153	1,700	c)	464,656
			3,333	e)			3,014	b)	
Other operating expense, net	--	5,618	(7,639)	g)	779	--	--		779
	--	--	2,800	c)					
Restructuring and other costs (income)	(56)	--	--		(56)	--	--		(56)
Operating income	163,916	15,273	1,506		180,695	14,529	(4,714)		190,510
Other income and expenses:									
Interest expense	10,153	4,298	23,280	f)	33,433	629	8,602	d)	42,664
			(4,298)	b)					
Interest income	(862)	(2,519)	2,519	b)	(862)	(384)	--		(1,246)
Other expense (income), net	2,829	284	--		3,113	(607)	--		2,506
Income before income taxes	151,796	13,210	(19,995)		145,011	14,891	(13,316)		146,586
Provision for income taxes	50,780	779	972	h)	52,531	6,342	(4,065)	e)	54,808
Net income	$ 101,016	$ 12,431	$ (20,967)		$ 92,480	$ 8,549	$ (9,251)		$ 91,778
Earnings per common share:									
Basic	$ 1.95				$ 1.78				$ 1.77
Diluted	1.93				1.77				1.75
Weighted average common shares outstanding:									
Basic	51,856				51,856				51,856
Diluted	52,373				52,373				52,373

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Acquisition of Degussa Dental

(1) The process of determining the adjustments necessary to record the assets and liabilities of Degussa Dental at fair value and allocating the excess purchase consideration over fair value of net assets acquired is being carried out. The allocation of the total expected consideration of (euro)576 million, or US$530 million based on the exchange rate at the closing date of 0.92 US$/euro, to the assets and liabilities of Degussa Dental will be made on management's best estimates of fair value pending the completion of valuations of acquired tangible and intangible assets and liabilities. In the unaudited pro forma combined financial statements, preliminary fair value adjustments have been recorded related to inventory and identifiable intangible assets for assets acquired from Degussa Dental, pending the completion of valuations. The estimates made in the unaudited pro forma combined balance sheet at 30th June, 2001 to record the acquisition of Degussa Dental are described below:

	(in thousands)	
Purchase consideration	$530,000	
Costs and fees of the transaction	25,000	
Total purchase consideration	555,000	(a)
Less:		
Net book value of Degussa Dental's net assets, adjusted for assets and liabilities not assumed and net debt	146,480	(b)
Fair value of Degussa Dental's inventory	30,000	(c)
Fair value of Degussa Dental's identifiable intangible assets	50,000	(e)
Goodwill	$ 328,520	(g)

(a) The unaudited pro forma combined financial information does not give effect to all restructuring costs, nor any potential cost savings, revenue enhancements, or other synergies that could result from the acquisition of Degussa Dental. Plans are being currently developed to integrate the operations of the combining companies, which may involve some costs including employee severance expenses and asset write-offs. Some of these costs may be accounted for as accrued liabilities and included in the allocation of the purchase price consideration at the date of the combination. To the extent that these costs are not accounted for as accrued liabilities at the date of the combination, an income statement charge may result, which may be material. The total amount of the charge cannot be quantified at this time, but if made it is expected to be recognized in the period in which the restructuring occurs. Management's plans are not yet sufficiently advanced to determine the total amount of those costs which would be accounted for as accrued liabilities on the effective date of the acquisition. To the extent that these costs are accounted for as accrued liabilities and included in the allocation of the purchase price consideration, the amount allocated to goodwill in the unaudited pro forma combined balance sheet would increase.

(b) In certain instances, the historical financial statements for DENTSPLY present captions in a more summarized form than Degussa Dental's presentation. In order to have a consistent presentation, these captions were categorised in conformity with DENTSPLY's presentation. The historical financial statements for Degussa Dental include an income tax liability of $16.0 million, which will not be assumed by DENTSPLY. In addition, the historical financial statements include net third party debt of $24.1 million (net of cash). The purchase price is based on a debt-free transaction. Any debt existing at closing was assumed by DENTSPLY and will reduce the purchase consideration. As the income tax liability will not be acquired in connection with the acquisition of Degussa Dental and since the net debt effectively will not be acquired, they have been eliminated as pro forma adjustments to the unaudited pro forma combined balance sheet at 30th June, 2001. The net interest expense related to these balances has also been eliminated as a pro forma adjustment to the unaudited pro forma combined income statement for the six months ended 30th June, 2001 and for the year ended 31st December, 2000.

(c) Management believes a portion of the excess of fair value over book value of Degussa Dental's net assets is related to inventory and has estimated the excess of fair value over book value of Degussa Dental's reported inventory as of the closing date, including the fair value inventory "step-up" in the unaudited pro forma combined balance sheet. A significant portion of the acquired inventory are precious metals composed primarily of gold, silver, platinum and palladium sold to dental laboratories for the construction of crown and bridge work. The precious metals inventory has been adjusted from its historical cost of approximately $45 million as of 30th June, 2001 to its fair value of approximately $70 million using the London fixing of prices established by the London Bullion Market Association (LBMA) of 1st October, 2001. An adjustment of approximately $5 million was made to non-precious metals inventory to estimate the step-up to fair value. No adjustment to cost of sales is reflected in the unaudited pro forma combined statements of income for the six months ended 30th June, 2001 and for the year ended 31st December, 2000 with respect to any fair value adjustments to Degussa Dental's inventory as any adjustment is considered to be a non-recurring charge directly related to the transaction. However, DENTSPLY will incur approximately $2.8 million and $1.4 million in operating lease expenses for the periods ended 31st December, 2000 and 30th June, 2001, respectively, for the leasing of precious metals. These amounts have been included in the pro forma adjustments.

Following the closing of the acquisition of Degussa Dental, Management anticipates selling the precious metals inventory acquired in the Degussa Dental transaction to a third party. As part of the contemplated transaction, DENTSPLY will receive an up-front cash payment of approximately $70 million in exchange for the precious metals inventory. This up-front cash payment is based on the fair value as of 1st October, 2001. DENTSPLY will use the proceeds from the sale of the precious metals to repay a portion of its outstanding debt. Fluctuations in the market price of the precious metals may materially increase or decrease the fair value of the inventory on the date of closing and may impact the proceeds received from the third party.

(d) Management expects that a portion of the excess of fair value over book value of Degussa Dental's net assets will be related to fixed assets. The process of valuing and allocating the excess of fair value over book value of Degussa Dental's reported net fixed assets is being carried out and, therefore, the fair value fixed asset "step-up" has not been reflected in the unaudited pro forma combined balance sheet at 30th June, 2001 and the unaudited pro forma combined statements of income for the six months ended 30th June, 2001 and for the year ended 31st December, 2000.

(e) DENTSPLY has estimated the fair value of Degussa Dental's identifiable intangible assets which include patents, trademarks and licensing agreements and have reflected an estimated fair value "step-up" of the identifiable intangible assets in the unaudited pro forma combined balance sheet at 30th June, 2001, pending the completion of valuations. DENTSPLY amortizes its identifiable intangible assets on a straight-line basis over their estimated useful lives, ranging from 5 to 40 years. The cost of acquired intangible assets will be reduced proportionally when a portion of the asset is disposed of or the asset becomes impaired. Amortization of $1.7 million and $3.3 million related to these fair value adjustments has been included in the unaudited pro forma combined statements of income for the six months ended 30th June, 2001 and for the year ended 31st December, 2000, respectively, based on a weighted average expected useful life of 15 years.

(f) Long-term debt has been increased by $485.0 million to reflect the total purchase consideration of the acquisition of Degussa Dental and the costs associated with the acquisition less the anticipated proceeds from the sale of the precious metals inventory. Interest expense of approximately $11.6 million for the six months ended 30th June, 2001 and $23.3 million for the year ended 31st December, 2000 has been recorded in the unaudited pro forma combined statements of income as a result of the Degussa Dental acquisition.

DENTSPLY funded the acquisition of Degussa Dental primarily through a long-term eurobond debt offering, supplemented by drawings under its revolving credit facility and a private placement of notes. Interest on the long-term debt has been calculated at an assumed interest rate of 4.80 per cent., which reflects the weighted average interest rate that DENTSPLY expects to pay on the eurobond debt and its existing credit facilities. An increase of 0.125 per cent. in the interest rate assumption would increase annual expense by approximately $0.6 million.

(g) Since preliminary valuations of the fixed and intangible assets acquired from Degussa Dental are still in process as of the date of this document, the entire excess of purchase price over the net assets of Degussa Dental, except for that related to inventory and identifiable intangible assets, has been allocated to goodwill for purposes of the unaudited combined pro forma financial information. The preliminary allocation will change upon completion of the necessary valuations and will change the amortization included in the unaudited pro forma combined statement of income.

In June 2001, the Financial Accounting Standards Board (FASB) in the United States changed the model used to account for purchased business combinations. As a result of this change, goodwill related to acquisitions prior to 30th June, 2001 will continue to be amortised until 1st January, 2002 when amortization will cease and goodwill will be tested for impairment on a periodic basis. Goodwill related to acquisitions occurring subsequent to 30th June, 2001, will not be amortized at all. Therefore, amortization on the goodwill created by the Degussa Dental acquisition has not been recognized in the pro forma combined statements of income for the six months ended 30th June, 2001 and the year ended 31st December, 2000 and the goodwill amortization recognized in Degussa Dental's historical financial statements for these periods have been eliminated as pro forma adjustments.

(h) Income tax expense reflects the tax effects of pro forma adjustments at the federal statutory rate of 35 per cent., excluding amortization of non-tax deductible goodwill. As the transaction, in part, was structured as an asset acquisition the basis in certain deferred tax assets and liabilities were not assumed by DENTSPLY. The unaudited pro forma combined statements of income have been adjusted to exclude changes in deferred tax expense recorded by Degussa Dental for the year ended 31st December, 2000 and the six months ended 30th June, 2001.

(i) A significant proportion of Degussa Dental's net sales comprises sales of precious metals. As the value of these sales is dependent on the price of the precious metals which can fluctuate significantly, DENTSPLY intends in future presentations of its financial results to identify separately the precious metals component of its net sales. Net sales excluding precious metals on a pro forma basis would have been approximately U.S.$127 million and U.S.$255 million lower than shown for the six months ended 30th June, 2001 and for the year ended 31st December, 2000, respectively. Degussa Dental used the LIFO method of accounting for its inventories of precious metals. During the six months ending June 30, 2001, cost of products sold was decreased by approximately U.S.$13.4 million as a result of LIFO inventory liquidation.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Acquisition of the AstraZeneca Injectible Anaesthesia Business ("AZ") and Friadent GmbH (" Friadent")

(2) DENTSPLY has made preliminary adjustments to record the assets and liabilities of AZ and Friadent at fair value and has allocated the excess purchase consideration over fair value of net assets acquired. The total consideration has been allocated to the assets and liabilities of AZ and Friadent based on management's best estimates of fair value.

(a) The related unaudited pro forma combined statement of income does not give effect to any potential cost savings, revenue enhancements, or other synergies that could result from the acquisition of AZ and Friadent. Plans are currently in place to integrate the operations of the combining companies.

(b) A total of $105.3 million of the excess fair value over the book value of Friadent's and AZ's net assets is related to identifiable intangible net assets. The excess fair value attributable to identifiable intangible assets relates to Management's determination of the value of Friadent and AZ's patents, trademarks and licensing agreements.

The determination of the fair value of Friadent's identifiable intangible assets is based on a risk-adjusted discounted net future cash flow analysis of its current product portfolio which was performed by an independent valuation firm. For AZ, the vast majority of purchase price is related to a permanent, exclusive and royalty-free license agreement for the AZ dental injectible anaesthetic products and tradenames. Accordingly, substantially all of the AZ purchase price was allocated to identifiable intangible assets. The license has an indefinite life; however, it will be amortized over 40 years for pro forma presentation.

Amortization of $3.0 million related to the fair value adjustments in the unaudited pro forma combined statement of income for the year ended 31st December, 2000 has been included.

DENTSPLY amortizes its identifiable intangible assets on a straight-line basis over their estimated useful lives, ranging from 5 to 40 years. The cost of acquired intangible assets will be reduced proportionally when a portion of the asset is disposed of or the asset becomes impaired.

(c) A total of $68.0 million of the excess fair value over book value of Friadent's and AZ's net assets has been allocated to goodwill. This goodwill is amortized over 40 years. Amortization of $1.7 million for the year ended 31st December, 2000 is included in the unaudited pro forma combined statements of income.

In June 2001, the Financial Accounting Standards Board (FASB) in the United States changed the model used to account for purchased business combinations. As a result of this change, goodwill related to acquisitions prior to 30th June, 2001 will continue to be amortized until 1st January, 2002 when amortization will cease and goodwill will be tested for impairment on a periodic basis.

(d) Long-term debt has been increased by $205.2 million to reflect the consideration paid in the acquisitions of AZ and Friadent, and the costs associated with these acquisitions. Interest expense of approximately $8.6 million for the year ended 31st December, 2000 has been reflected in the unaudited pro forma combined statement of income as a result of the AZ and Friadent acquisitions. DENTSPLY funded the acquisitions of AZ and Friadent through the issuance of private placement debt and the use of its existing credit facilities. Interest on the debt is calculated at an assumed weighted average interest rate of 4.20 per cent., which reflects the interest rate that DENTSPLY expects to pay on the private placement debt and use of its existing credit facilities. This rate does not differ materially from the historic weighted average interest rates during the period presented. The interest rates on these debt facilities are contractually fixed or are effectively fixed through the use of interest rate swaps.

(e) Income tax expense reflects the tax effects of pro forma adjustments at the federal statutory rate of 35 per cent., excluding amortization of non-tax deductible goodwill.