DENTSPLY INTERNATIONAL INC /DE/
Form 10-K
February 20, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2013
Commission File Number 0-16211

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

Delaware (State or other jurisdiction of incorporation or organization)	39-1434669 (I.R.S. Employer Identification No.)
221 West Philadelphia Street, York, PA (Address of principal executive offices)	17405-2558 (Zip Code)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o
Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act)
Yes o No x

The aggregate market value of the voting common stock held by non-affiliates of the registrant computed by reference to the closing price as of the last business day of the registrants most recently completed second quarter June 30, 2013, was $5,825,578,435.

The number of shares of the registrant's Common Stock outstanding as of the close of business on February 13, 2014 was 141,813,505.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the definitive Proxy Statement of DENTSPLY International Inc. (the "Proxy Statement") to be used in connection with the 2014 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K to the extent provided herein. Except as specifically incorporated by reference herein the Proxy Statement is not deemed to be filed as part of this Form 10-K.

DENTSPLY International Inc.
Table of Contents

PART I

FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Generally, the use of terms such as “may,” “could,” “expect,” “intend,” “believe,” “plan,” “estimate,” “forecast,” “project,” “anticipate,” “assumes” and similar expressions identify forward-looking statements. statements that address operating performance, events or developments that DENTSPLY International Inc. (“DENTSPLY” or the “Company”) expects or anticipates will occur in the future are forward-looking statements. Forward-looking statements are based on management’s current expectations and beliefs, and are inherently susceptible to uncertainty, risks, and changes in circumstances that could cause actual results to differ materially from the Company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part I, Item 1A (“Risk Factors”) and elsewhere in this report and those described from time to time in our future reports filed with the Securities and Exchange Commission. The Company undertakes no duty and has no obligation to update forward-looking statements as a result of future events or developments.

PART I

Item 1. Business

History and Overview

DENTSPLY, a Delaware corporation which dates its history to 1899, believes it is the world’s largest designer, developer, manufacturer and marketer of a broad range of consumable dental products for the professional dental market. The Company also manufactures and markets other consumable medical device products. The Company’s principal product categories are dental consumable products, dental laboratory products, dental specialty products and consumable medical device products. The Company’s worldwide headquarters and executive offices are located in York, Pennsylvania.

Consolidated net sales, excluding precious metal content, of the Company’s dental products accounted for approximately 88% of DENTSPLY’s consolidated net sales, excluding precious metal content, for the year ended December 31, 2013. The remaining consolidated net sales, excluding precious metal content, is primarily related to consumable medical device products and materials sold to the investment casting industry. The presentation of net sales, excluding precious metal content, is considered a measure not calculated in accordance with generally accepted accounting principles in the United States of America (“US GAAP”), and is therefore considered a non-US GAAP measure. This non-US GAAP measure is discussed further in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and a reconciliation of net sales to net sales, excluding precious metal content, is provided.

Throughout 2013, the Company conducted its business through four operating segments. During the year ended December 31, 2013, the Company realigned certain implant and implant related businesses as a result of changes to the business structure. All of the Company’s segments are primarily engaged in the design, manufacture and distribution of dental and medical products in four principal product categories: 1) dental consumable products 2) dental laboratory products 3) dental specialty products and 4) consumable medical device products.

The Company conducts its business in the United States of America (“U.S.”), as well as in over 120 foreign countries, principally through its foreign subsidiaries. DENTSPLY has a long-established presence in the European market, particularly in Germany, Sweden, France, the United Kingdom (“UK”), Switzerland and Italy, as well as in Canada. The

Company also has a significant market presence in the countries of the Commonwealth of Independent States ("CIS"), Central and South America, the Middle-East region and the Pacific Rim.

Geographic Information

For 2013, 2012 and 2011, the Company's net sales, excluding precious metal content, to customers outside the U.S., including export sales, accounted for approximately 67%, 67% and 66%, respectively, of consolidated net sales, excluding precious metal content. Reference is made to the information about the Company's U.S. and foreign sales by shipment origin set forth in Note 5, Segment and Geographic Information, to the consolidated financial statements in this Form 10-K.

Segment Information

Information regarding the Company's operating segments for the years ended December 31, 2013, 2012 and 2011 can be found in Note 5, Segment and Geographic Information, to the consolidated financial statements in this Form 10-K.

Principal Products

The worldwide professional dental industry encompasses the diagnosis, treatment and prevention of disease and ailments of the teeth, gums and supporting bone. DENTSPLY's principal dental product categories are dental consumable products, dental laboratory products and dental specialty products. Additionally, the Company's consumable medical device products provide for urological and surgical applications. These products are produced by the Company in the U.S. and internationally and are distributed throughout the world under some of the most well-established brand names and trademarks in these industries, including ANKYLOS, AQUASIL ULTRA, ARTICADENT, ASTRA TECH, ATLANTIS, BELLOVAC ABT, CALIBRA, CAULK, CAVITRON, CERAMCO, CERCON, CITANEST, DELTON, DENTSPLY, DETREY, DYRACT, ECLIPSE, ELEPHANT, ESTHET.X, FRIADENT, GENIE, GOLDEN GATE, IN-OVATION, INTERACTIVE MYSTIQUE, LOFRIC, MAILLEFER, MIDWEST, NUPRO, ORAQIX, OSSEOSPEED, PALODENT PLUS, PEPGEN P-15, PORTRAIT, PRIME & BOND, PROFILE, PROTAPER, RECIPROC, RINN, SANI-TIP, STYLUS, SULTAN, SUREFIL, THERMAFIL, TRIODENT MATRIX SYSTEMS, TRUBYTE, WAVEONE, WELLSPECT, XENO, XIVE, XYLOCAINE and ZHERMACK .

Dental Consumable Products

Dental consumable products consist of value added dental supplies and devices and small equipment used in dental offices for the treatment of patients. Net sales of dental consumable products, excluding precious metal content, accounted for approximately 28%, 28% and 33% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2013, 2012 and 2011, respectively.

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

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

Dental Laboratory Products

Dental laboratory products are used in the preparation of dental appliances by dental laboratories. Net sales of dental laboratory products, excluding precious metal content, accounted for approximately 10%, 11% and 14% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2013, 2012 and 2011, respectively.

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

Dental Specialty Products

Dental specialty products are specialized treatment products used within the dental office and laboratory settings. Net sales of dental specialty products, excluding precious metal content, accounted for approximately 49%, 48% and 46% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2013, 2012 and 2011, respectively. DENTSPLY's products in this category include endodontic (root canal) instruments and materials, implants and related products, bone grafting materials, 3D digital scanning and treatment planning software, dental lasers and orthodontic appliances and accessories.

Consumable Medical Device Products

Consumable medical device products consist mainly of urology catheters, certain surgical products, medical drills and other non-medical products. Net sales of consumable medical device products, excluding precious metal content, accounted for approximately 13%, 13% and 7% of the Company's consolidated net sales, excluding precious metal content, for the years ended December 31, 2013, 2012 and 2011, respectively.

Markets, Sales and Distribution

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

- Increasing worldwide population.

- Aging mix of population in developed countries - The U.S., European, Japanese and other regions have aging population with significant needs for dental care and healthcare, the elderly in these regions are well positioned to pay for the required procedures since they control sizable amounts of discretionary income.

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

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

- The demands for patient comfort and ease of product use and handling.

- Per capita and discretionary incomes are increasing in emerging markets - As personal incomes continue to rise in the emerging nations of the Pacific Rim, CIS and Latin America, obtaining healthcare, including dental services, is a growing priority. Many surveys indicate the middle class population will expand significantly within these emerging markets.

- The Company’s business is less susceptible than many other industries to general downturns in the economies in which it operates. Many of the products the Company offers relate to dental procedures and health conditions that are considered necessary by patients regardless of the economic environment. Dental specialty products and products that support discretionary dental procedures are the most susceptible to changes in economic conditions.

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

Developed Markets
The U.S., Canada, Western Europe, Japan, Australia and certain other countries are highly developed markets that demand the most advanced dental and health products and have the highest level of expenditures for dental and medical care. These markets account for approximately 80% to 85% of the Company’s net sales. In these markets, dental care is increasingly focused upon preventive care and specialized dentistry, in addition to basic procedures, such as excavation of teeth and filling of cavities, tooth extraction and denture replacement. These markets require varied and complex dental products, utilize sophisticated diagnostic and imaging equipment and demand high levels of attention to protect against infection and patient cross-contamination. A broader segment of the population in these markets can afford higher end treatments in both dental and medical care.

Emerging Markets
In certain countries in Central America, South America, Eastern Europe, Pacific Rim, Middle East and Africa, most dental care is often limited to excavation of teeth and filling of cavities and other restorative techniques, reflecting more modest per capita expenditures for dental and medical care. These markets account for approximately 15% to 20% of the Company’s net sales. The Company markets products with a diverse price range including dual-brand

alternatives to address patient and professional needs. However, there is also a portion of the population in these markets that receive excellent dental and medical care similar to that received in developed countries. As such our premium products are actively sold into these regions.

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

DENTSPLY employs approximately 3,600 highly trained, product-specific sales and technical staff to provide comprehensive marketing and service tailored to the particular sales and technical support requirements of the distributors, dealers and the end-users.

Dental

DENTSPLY distributes approximately half of its dental products through third-party distributors. Certain highly technical products such as precious metal dental alloys, dental ceramics, crown and bridge porcelain products, endodontic instruments and materials, orthodontic appliances, implants, and bone substitute and grafting materials are sold directly to the dental laboratory or dental professionals in some markets. During 2013 and 2012, the Company did not have any single customer that represented ten percent or more of DENTSPLY's consolidated net sales. In 2011, one customer, Henry Schein Incorporated, a dental distributor, accounted for 11% of DENTSPLY's consolidated net sales. No other single customer, represented ten percent or more of DENTSPLY's consolidated net sales during 2011.

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

Medical

The Company's urology products business reaches the market directly in 16 countries throughout Europe and North America, and through distributors in 18 additional markets. The largest markets include the UK, Germany and France. Sales efforts target urologists, urology nurses, general practitioners and direct-to-patients.

Historical reimbursement levels within Europe have been higher for intermittent catheters which explain a greater penetration of single-use catheter products in that market. In the U.S., which the Company considers an important growth market, the reimbursement environment has improved since 2008 as the infection control cost benefits of disposable catheters gain acceptance among payers.

The surgery products business operates directly in 13 countries throughout Europe and Australia, with distributors in 21 additional markets. The largest markets include Australia, Norway and the UK. Sales efforts target surgeons, hospital nurses, physiotherapists, hospital purchasing departments and medical supply distributors.

The Company also maintains ongoing relationships with various medical associates, professional and key opinion leaders to help promote our products, although there are no assurances that they will continue to support the Company's products in the future.

Product Development

Innovation and successful product development are critical to keeping market leadership position in key product categories and growing market share in other products categories while strengthening the Company's prominence in the dental and medical markets that it serves. While many of DENTSPLY's existing products undergo brand extensions, the Company also continues to focus efforts on successfully launching innovative products that represent

fundamental change.

New advances in technology are also anticipated to have a significant influence on future products in dentistry and in select areas of healthcare. As a result, the Company pursues research and development initiatives to support this technological development, including collaborations with external research institutions, dental and medical schools. Through its own internal research centers as well as through its collaborations with external research institutions, dental and medical schools, the Company directly invested $85.1 million, $85.4 million and $66.7 million in 2013, 2012 and 2011, respectively, in connection with the development of new products, improvement of existing products and advances in technology. The continued development of these areas is a critical step in meeting the Company's strategic goal as a leader in defining the future of dentistry and in select areas in health care.

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

Acquisition Activities

DENTSPLY believes that the dental products industry continues to experience consolidation with respect to both product manufacturing and distribution, although it remains fragmented thereby creating a number of acquisition opportunities. DENTSPLY also seeks to expand its position in consumable medical device products through acquisitions.

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

Operating and Technical Expertise

DENTSPLY believes that its manufacturing capabilities are important to its success. The manufacturing process of the Company's products requires substantial and varied technical expertise. Complex materials technology and processes are necessary to manufacture the Company's products. The Company endeavors to automate its global manufacturing operations in order to improve quality and customer service and lower costs.

Financing

Information about DENTSPLY's working capital, liquidity and capital resources is provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K.

Competition

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

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

Regulation

The Company's products are subject to regulation by, among other governmental entities, the U.S. Food and Drug Administration (the "FDA"). In general, if a dental or medical "device" is subject to FDA regulation, compliance with the FDA's requirements constitutes compliance with corresponding state regulations. In order to ensure that dental and medical products distributed for human use in the U.S. are safe and effective, the FDA regulates the introduction, manufacture, advertising, labeling, packaging, marketing and distribution of, and record-keeping for, such products. The introduction and sale of dental and medical products of the types produced by the Company are also subject to government regulation in the various foreign countries in which they are produced or sold. DENTSPLY believes that

it is in substantial compliance with the FDA and foreign regulatory requirements that are applicable to its products and manufacturing operations.

Dental and medical devices of the types sold by DENTSPLY are generally classified by the FDA into a category that renders them subject only to general controls that apply to all medical devices, including regulations regarding alteration, misbranding, notification, record-keeping and good manufacturing practices. In the European Union, DENTSPLY's products are subject to the medical devices laws of the various member states, which are based on a Directive of the European Commission. Such laws generally regulate the safety of the products in a similar way to the FDA regulations. DENTSPLY products in Europe bear the CE mark showing that such products adhere to European regulations.

All dental amalgam filling materials, including those manufactured and sold by DENTSPLY, contain mercury. Various groups have alleged that dental amalgam containing mercury is harmful to human health and have actively lobbied state and federal lawmakers and regulators to pass laws or adopt regulatory changes restricting the use, or requiring a warning against alleged

potential risks, of dental amalgams. The FDA's Dental Devices Classification Panel, the National Institute of Health and the U.S. Public Health Service have each indicated that no direct hazard to humans from exposure to dental amalgams has been demonstrated. In response to concerns raised by certain consumer groups regarding dental amalgam, the FDA formed an advisory committee in 2006 to review peer-reviewed scientific literature on the safety of dental amalgam. In July 2009, the FDA concluded its review of dental amalgam, confirming its use as a safe and effective restorative material. Also, as a result of this review, the FDA classified amalgam and its component parts, elemental mercury and powder alloy, as a Class II medical device. Previously there was no classification for encapsulated amalgam and dental mercury (Class I) and alloy (Class II) were classified separately. This new regulation places encapsulated amalgam in the same class of devices as most other restorative materials, including composite and gold fillings, and makes amalgam subject to special controls by FDA. In that respect, the FDA recommended that certain information about dental amalgam be provided, which includes information indicating that dental amalgam releases low levels of mercury vapor, and that studies on people age six and over as well as FDA estimated exposures of children under six, have not indicated any adverse health risk associated with the use of dental amalgam. After the FDA issued this regulation, several petitions were filed asking the FDA to reconsider its position. Another advisory panel was established by the FDA to consider these petitions. Hearings of the advisory panel were held in December 2010. The FDA has taken no action as of the filing date of this Form 10-K from this latest advisory panel meeting.

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

Sources and Supply of Raw Materials and Finished Goods

The Company manufactures the majority of the products sold by the Company. Most of the raw materials used by the Company in the manufacture of its products are purchased from various suppliers and are typically available from numerous sources. No single supplier accounts for more than 10% of DENTSPLY's requirements.

Intellectual Property

Products manufactured by DENTSPLY are sold primarily under its own trademarks and trade names. DENTSPLY also owns and maintains more than 2,500 patents throughout the world and is licensed under a small number of patents owned by others.

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

Employees

At December 31, 2013, the Company and its subsidiaries employed approximately 11,800 employees. Of these employees, approximately 3,400 were employed in the United States and 8,400 in countries outside of the United States. Less than 5% of employees in the United States are covered by collective bargaining agreements. Some employees outside of the United States are covered by collective bargaining, union contract or other similar type program. The Company believes that it has a positive relationship with its employees.

Environmental Matters

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

Other Factors Affecting the Business

Approximately two-thirds of the Company's sales are located in regions outside the U.S., and the Company's consolidated net sales can be impacted negatively by the strengthening or positively by the weakening of the U.S. dollar. Additionally, movements in certain foreign exchange rates may unfavorably or favorably impact the Company's results of operations, financial condition and liquidity.

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

The Company tries to maintain short lead times within its manufacturing, as such, the backlog on products is generally not material to the financial statements.

Securities and Exchange Act Reports

The U.S. Securities and Exchange Commission ("SEC") maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including the Company, that file electronically with the SEC. The public can obtain any documents that the Company files with the SEC at http://www.sec.gov. The Company files annual reports, quarterly reports, proxy statements and other documents with the SEC under the Securities Exchange Act of 1934, as amended ("Exchange Act"). The public may read and copy any materials the Company files with the SEC at its Public Reference Room at the following address:

The Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

The public may obtain information on the operation of this Public Reference Room by calling the SEC at 1-800-SEC-0330.

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

Item 1A. Risk Factors

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

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

The success of the Company is largely dependent upon the continued strength of dental and medical device markets and is also somewhat dependent upon the general economic environments of the regions in which DENTSPLY operates. Negative changes to these markets and economies could materially impact the Company's results of operations and financial condition. In many markets, dental reimbursement is largely out of pocket for the consumer and thus utilization rates can vary significantly depending on economic growth. For instance, data suggests that the utilization of dental services by working age adults in the U.S. may have declined over the last several years. Additionally, there is also uncertainty as to what impact the Affordable Care Act may have on dental utilization in the U.S. In certain markets, particularly in the European Union, government and regulatory programs have a more significant impact than in other markets. Changes to these programs could have a positive or negative impact on the Company's results.

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

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

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

Due to the international nature of DENTSPLY's business, movements in foreign exchange rates may impact the consolidated statements of operations. With approximately two-thirds of the Company's sales located in regions outside the U.S., the Company's consolidated net sales are impacted negatively by the strengthening or positively by the weakening of the U.S. dollar. Additionally, movements in certain foreign exchange rates may unfavorably or favorably impact the Company's results of operations, financial condition and liquidity. Although the Company uses certain financial tools to attempt to mitigate market fluctuations in foreign exchange rates, there can be no assurance that such measures will be effective or that they will not create additional financial obligations on the Company.

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

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

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

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

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

DENTSPLY experiences fluctuations in quarterly sales and earnings due to a number of factors, many of which are substantially outside of the Company's control, including but not limited to:

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

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

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

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

The dental and medical device supplies markets are highly competitive and there is no guarantee that the Company can compete successfully.

The worldwide markets for dental and medical products are highly competitive. There can be no assurance that the Company will successfully identify new product opportunities and develop and market new products successfully, or

that new products and technologies introduced by competitors will not render the Company's products obsolete or noncompetitive. Additionally, the size and number of the Company's competitors vary by product line and from region to region. There are many companies that produce some, but not all, of the same types of products as those produced by the Company. Certain of DENTSPLY's competitors may have greater resources than the Company. In addition, the Company is exposed to the risk that its competitors or its customers may introduce private label, generic, or low cost products that compete with the Company's products at lower price points. If these competitors' products capture significant market share or result in a decrease in market prices overall, this could have a negative impact on the Company's results of operations and financial condition.

Inventories maintained by the Company's customers may fluctuate from time to time.

The Company relies in part on its predictions of dealer and customer inventory levels in projecting future demand levels and financial results. These inventory levels may fluctuate, and may differ from the Company's predictions, resulting in the Company's projections of future results being different than expected. There can be no assurance that the Company's dealers and customers will maintain levels of inventory in accordance with the Company's predictions or past history, or that the timing of customers' inventory build or liquidation will be in accordance with the Company's predictions or past history.

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

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

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

DENTSPLY may be unable to obtain necessary product approvals and marketing clearances.

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

The regulatory review process which must be completed prior to marketing a new medical device may delay or hinder a product's timely entry into the marketplace. There can be no assurance that the review or approval process for these products by the FDA or any other applicable governmental authority will occur in a timely fashion, if at all, or that additional regulations will not be adopted or current regulations amended in such a manner as will adversely affect the Company. The FDA also oversees the content of advertising and marketing materials relating to medical devices which have received FDA clearance. Delays or failure to receive the necessary product approvals from governmental authorities could negatively impact DENTSPLY's operations.

DENTSPLY's business is subject to extensive, complex and changing laws, regulations and orders that failure to comply with could subject us to civil or criminal penalties or other liabilities.

DENTSPLY is subject to extensive laws, regulations and orders which are administered by various international, federal and state governmental authorities, including, among others, the FDA, the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC"), the Bureau of Industry and Security of the United States Department of Commerce ("BIS"), the United States Federal Trade Commission, the United States Department of Justice and other similar domestic and foreign authorities. These regulations include, but are not limited to, the U.S. Foreign Corrupt Practices Act and similar international anti-bribery laws, the Physician Payments Sunshine Act, regulations concerning the supply of conflict minerals, various environmental regulations and regulations relating to

trade, import and export controls and economic sanctions. Such laws, regulations and orders may be complex and are subject to change.

Compliance with the numerous applicable existing and new laws, regulations and orders could require us to incur substantial regulatory compliance costs. Although the Company has implemented policies and procedures to comply with applicable laws, regulations and orders, there can be no assurance that governmental authorities will not raise compliance concerns or perform audits to confirm compliance with such laws, regulations and orders. Failure to comply with applicable laws, regulations or orders could result in a range of governmental enforcement actions, including fines or penalties, injunctions and/or criminal or other civil proceedings. Any such actions could result in higher than anticipated costs or lower than anticipated revenue and could have a material adverse effect on the Company’s reputation, business, financial condition and results of operations.

In 2012, the Company received subpoenas from the United States Attorney's Office for the Southern District of Indiana (the "USAO") and from OFAC requesting documents and information related to compliance with export controls and economic sanctions regulations by certain of its subsidiaries. The Company also voluntarily contacted OFAC and BIS regarding compliance with export controls and economic sanctions regulations by certain other business units of the Company identified in an ongoing internal review by the Company. The Company is cooperating with the USAO, OFAC and BIS with respect to these matters.

Challenges may be asserted against the Company's products due to real or perceived quality or health issues.

The Company manufactures and sells a wide portfolio of dental and medical device products. While the Company endeavors to ensure that its products are safe and effective, there can be no assurance that there may not be challenges from time to time regarding the real or perceived quality or health impact of the Company's products. All dental amalgam filling materials, including those manufactured and sold by DENTSPLY, contain mercury. Some groups have asserted that amalgam should be discontinued because of its mercury content and/or that disposal of mercury containing products may be harmful to the environment. If governmental authorities elect to place restrictions or significant regulations on the sale and/or disposal of dental amalgam, that could have an adverse impact on the Company's sales of dental amalgam. DENTSPLY also manufactures and sells non-amalgam dental filling materials that do not contain mercury but that may contain bisphenol-A, commonly called BPA. BPA is found in many everyday items, such as plastic bottles, foods, detergents and toys, and may be found in certain dental composite materials or sealants either as a by-product of other ingredients that have degraded, or as a trace material left over from the manufacture of other ingredients used in such composites or sealants. The FDA currently allows the use of BPA in dental materials, medical devices, and food packaging. Nevertheless, public reports and concerns regarding the potential hazards of dental amalgam or of BPA could contribute to a perceived safety risk for the Company's products that contain mercury or BPA. Adverse publicity about the quality or safety of our products, whether or not ultimately based on fact, may have an adverse effect on our brand, reputation and operating results.

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

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

The Company is facing increased competition in its Orthodontics business as it recovers from a supply disruption in 2011 and 2012.

One of the Company's key suppliers, which was the source of certain orthodontic products comprising approximately 9% of the Company's 2010 consolidated net sales, excluding precious metal content, was located in the zone that was evacuated following the March 2011 tsunami in Japan. The supplier lost access to its facility and as a result, product supply was severely disrupted through the remainder of 2011 and during a portion of 2012. The supplier gradually

restored operations in 2012. The Company has been recovering a portion of the business lost during the supply disruption, but is facing additional competition in part due to capacity added by competition while the Company was out of the market and also in part due to new competitors entering the market and from alternative technologies. The Company continues to source product from its supplier in Japan under an agreement that is subject to periodic renewal and has also established alternative sources of supply. Given the highly competitive conditions in the market, there is no assurance that the Company will be able to recover market share lost during the product outage, or that its existing or alternative sources will be sufficient to allow the Company to have a competitive position in the marketplace.

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

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

The Company may fail to successfully complete the integration of Astra Tech or fully realize the benefits of the acquisition.

The success of the Company's acquisition of Astra Tech depends upon its ability to realize anticipated benefits from integrating Astra Tech's business into its operations. The Company's ongoing business could be disrupted and management's attention diverted due to integration planning activities and as a result of the actual integration of the two companies following the acquisition. In addition, conditions in the dental implant and urological medical device markets, including but not limited to market growth, increased competition and government regulation, may differ from the Company's assumptions and assessments made at the time of the acquisition. As a result, the Company may not fully realize the benefits of the integration as anticipated.

The Company may fail to realize the expected benefits of its cost reduction and restructuring efforts.

In order to operate more efficiently and control costs, the Company may announce from time to time restructuring plans, including workforce reductions, global facility consolidations and other cost reduction initiatives that are intended to generate operating expense or cost of goods sold savings through direct and indirect overhead expense reductions as well as other savings. Due to the complexities inherent in implementing these types of cost reduction and restructuring activities, the Company may fail to realize expected efficiencies and benefits, or may experience a delay in realizing such efficiencies and benefits, and its operations and business could be disrupted. Risks associated with these actions and other workforce management issues include delays in implementation of anticipated workforce reductions, additional unexpected costs, changes in restructuring plans that increase or decrease the number of employees affected, adverse effects on employee morale, and the failure to meet operational targets due to the loss of employees, any of which may impair the Company's ability to achieve anticipated cost reductions or may otherwise harm its business, and could have a material adverse effect on its competitive position, results of operations, cash flows or financial condition.

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

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

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

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

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

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

The Company faces the inherent risk of litigation and claims.

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

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

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

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

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

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

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

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

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

A large number of the Company's products are manufactured in single manufacturing facilities.

Although the Company maintains multiple manufacturing facilities, a large number of the products manufactured by the Company are manufactured in facilities that are the sole source of such products. As there are a limited number of alternative suppliers for these products, any disruption at a particular Company manufacturing facility could lead to delays, increased expenses, and may damage the Company's business and results of operations.

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

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

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

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

After closing the Astra Tech acquisition, DENTSPLY has a significant amount of indebtedness. A breach of the covenants under DENTSPLY's debt instruments outstanding from time to time could result in an event of default under the applicable agreement.

In connection with the financing of the acquisition of Astra Tech, the Company incurred additional debt of approximately $1.2 billion. As a consequence, after closing the Acquisition, DENTSPLY has a significant amount of indebtedness. DENTSPLY also has the ability to incur up to $500 million of indebtedness under the Revolving Credit Facility and may incur significantly more indebtedness in the future.

DENTSPLY's level of indebtedness and related debt service obligations could have negative consequences including:

- making it more difficult for the Company to satisfy its obligations with respect to its indebtedness;
- requiring DENTSPLY to dedicate significant cash flow from operations to the payment of principal and interest on its indebtedness, which would reduce the funds the Company has available for other purposes, including working capital, capital expenditures and acquisitions; and
- reducing DENTSPLY's flexibility in planning for or reacting to changes in its business and market conditions.

DENTSPLY's current indebtedness contains a number of covenants and financial ratios, which it is required to satisfy. Under the agreements governing the DENTSPLY's 4.11% Senior Notes due 2016, the Company will be required to maintain a ratio of consolidated debt to consolidated EBITDA of less than or equal to 3.50 to 1.00. The Company may

need to reduce the amount of its indebtedness outstanding from time to time in order to comply with such ratio, but no assurance can be given that DENTSPLY will be able to do so. DENTSPLY's failure to maintain such ratio or a breach of the other covenants under its debt instruments outstanding from time to time could result in an event of default under the applicable agreement. Such a default may allow the creditors to accelerate the related indebtedness and may result in the acceleration of any other indebtedness to which a cross-acceleration or cross-default provision applies.

Changes in our credit ratings or macroeconomic impacts on credit markets may increase our cost of capital and limit financing options.

We utilize the short and long-term debt markets to obtain capital from time to time. Adverse changes in our credit ratings may result in increased borrowing costs for future long-term debt or short-term borrowing facilities which may in turn limit financing options, including our access to the unsecured borrowing market. We may also be subject to additional restrictive covenants that would reduce our flexibility. In addition, macroeconomic conditions, such as continued or increased volatility or disruption in the credit markets, would adversely affect our ability to refinance existing debt or obtain additional financing to support operations or to fund new acquisitions or capital-intensive internal initiatives.

Certain provisions in the Company's governing documents may make it more difficult for a third party to acquire DENTSPLY.

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

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

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

The Company relies heavily on information and technology to operate its business networks, and any disruption to its technology infrastructure or the Internet could harm the Company's operations.

DENTSPLY operates many aspects of its business including financial reporting and customer relationship management through server- and web-based technologies, and stores various types of data on such servers or with third-parties who may in turn store it on servers or in the "cloud". Any disruption to the Internet or to the Company's or its service providers' global technology infrastructure, including malware, insecure coding, "Acts of God," attempts to penetrate networks, data leakage and human error, could pose a threat to the Company's operations. While DENTSPLY has invested and continues to invest in information technology risk management and disaster recovery plans, these measures cannot fully insulate the Company from technology disruptions or data loss and the resulting adverse effect on the Company's operations and financial results.

Item 1B. Unresolved Staff Comments

None.

17

Item 2. Properties

The following is a listing of DENTSPLY's principal manufacturing and distribution locations at December 31, 2013:

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

Ivry Sur-Seine, France (3)	Manufacture and distribution of investment casting products	Leased
Bohmte, Germany (1)	Manufacture and distribution of dental laboratory products	Owned
Hanau, Germany (1)	Manufacture and distribution of precious metal dental alloys, dental ceramics and dental implant products	Owned
Konstanz, Germany (1)	Manufacture and distribution of dental consumable products	Owned
Mannheim, Germany (4)	Manufacture and distribution of dental implant products	Owned/Leased
Munich, Germany (4)	Manufacture and distribution of endodontic	Owned

	instruments and materials	
Radolfzell, Germany (5)	Distribution of dental products	Leased
Rosbach, Germany (1)	Manufacture and distribution of dental ceramics	Owned
Badia Polesine, Italy (1)	Manufacture and distribution of dental consumable products	Owned/Leased
Otawara, Japan (2)	Manufacture and distribution of precious metal dental alloys, dental consumable products and orthodontic products	Owned
Mexicali, Mexico (2)	Manufacture and distribution of orthodontic products and materials	Leased
Hoorn, Netherlands (1)	Distribution of precious metal dental alloys and dental ceramics and refinery of precious metals	Owned
HA Soest, Netherlands (2)	Distribution of orthodontic products	Leased
Katikati, New Zealand (1)	Manufacture of dental consumable products	Leased
Warsaw, Poland (1)	Manufacture and distribution of dental consumable products	Owned
Las Piedras, Puerto Rico (1)	Manufacture of crown and bridge materials	Owned
Mölndal, Sweden (4)	Manufacture and distribution of dental implant products and consumable medical devices	Owned
Ballaigues, Switzerland (4)	Manufacture and distribution of endodontic instruments, plastic components and packaging material	Owned

(1) These properties are included in the Dental Consumables and Laboratory segment.
(2) These properties are included in the Orthodontics/Canada/Mexico/Japan segment.
(3) These properties are included in the Select Distribution segment.
(4) These properties are included in the Implants/Endodontics/Healthcare/Pacific Rim segment.
(5) This property is a distribution warehouse not managed by named segments.

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

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

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

Item 3. Legal Proceedings

Incorporated by reference to Part II, Item 8, Note 19, Commitments and Contingencies, to the Consolidated Financial Statements in this Form 10-K.

Executive Officers of the Registrant

The following table sets forth certain information regarding the executive officers of the Company as of February 20, 2014.

Name	Age	Position
Bret W. Wise	53	Chairman of the Board and Chief Executive Officer
Christopher T. Clark	52	President and Chief Financial Officer
James G. Mosch	56	Executive Vice President and Chief Operating Officer
Robert J. Size	55	Senior Vice President
Albert J. Sterkenburg	50	Senior Vice President
Deborah M. Rasin	47	Vice President, Secretary and General Counsel

Bret W. Wise has served as Chairman of the Board and Chief Executive Officer of the Company since January 1, 2007 and also served as President in 2007 and 2008. Prior to that time, Mr. Wise served as President and Chief Operating Officer in 2006, as Executive Vice President in 2005 and Senior Vice President and Chief Financial Officer from December 2002 through December 2004. Prior to that time, Mr. Wise was Senior Vice President and Chief Financial Officer with Ferro Corporation of Cleveland, OH (1999 - 2002), Vice President and Chief Financial Officer at WCI Steel, Inc., of Warren, OH, (1994 - 1999) and prior to that he was a partner with KPMG LLP. During 2012, Mr. Wise was elected a member of the Board of Directors of the Pall Corporation.

Christopher T. Clark has served as President and Chief Financial Officer of the Company since April 8, 2013. He also served as President and Chief Operating Officer from 2009 through April 2013 and as Executive Vice President and Chief Operating Officer in 2007 and 2008. Prior to that time, Mr. Clark served as Senior Vice President (2003 - 2006), as Vice President and General Manager of DENTSPLY's global imaging business (1999 - 2002), as Vice President and General Manager of the Prosthetics Division (1996 - 1999), and as Director of Marketing of DENTSPLY'S Prosthetics Division (1992 - 1996). Prior to September 1992, Mr. Clark held various brand management positions with Proctor & Gamble.

James G. Mosch has served as Chief Operating Officer since April 8, 2013 and as Executive Vice President since January 1, 2009. Prior to that time, he served as Senior Vice President (2003-2009) and as Vice President and General Manager of DENTSPLY's Professional division, beginning in July 1994 when he started with the Company. Prior to 1994, Mr. Mosch served in general management and marketing positions with Baxter International and American Hospital Supply Corporation.

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

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

Deborah M. Rasin has served as Vice President, Secretary and General Counsel of the Company since March 7, 2011. Prior to that, she served since 2006 as Vice President, General Counsel and Secretary of Samsonite Corporation, where she oversaw all legal, compliance and corporate governance matters of a Delaware-incorporated global

consumer goods company. Prior to joining Samsonite, Ms. Rasin served as a senior corporate attorney at General Motors Corporation, and as an associate at various international law firms. Ms. Rasin received her J.D. from Harvard Law School in 1992.

Item 4. Mine Safety Disclosure

Not Applicable

PART II

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

Quarterly Stock Market and Dividend Information

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

	Market Range of Common Stock		Period-end Closing Price	Cash Dividend Declared
	High	Low		
2013				
First Quarter	$43.63	$39.36	$42.44	$0.0625
Second Quarter	44.21	39.90	40.96	0.0625
Third Quarter	45.37	40.81	43.41	0.0625
Fourth Quarter	50.99	42.99	48.48	0.0625
2012				
First Quarter	$40.32	$34.77	$40.13	$0.055
Second Quarter	41.38	35.88	37.81	0.055
Third Quarter	39.27	35.04	38.14	